DeLaRue

Annual Report 2024

Securing trust

Our purpose is to ***secure trust*** between people, businesses and governments

Securing trust: Why it matters

Strong economies and thriving societies require trust. Counterfeits and illicit trade represent a multi-trillion dollar issue, with the potential to undermine that trust.

Our digital authentication solutions provide transparency, engagement and control across supply chains. Physical banknotes include everyone financially, while contributing towards a more resilient payments landscape and protecting the fundamental right to privacy.

Tax stamps, brand protection physical tokens and passports provide standalone off-line surety and enable quick visual authentication.

However, consumers must have absolute trust in these products for them to be of value.

Who we are

De La Rue provides governments and commercial organisations with secure physical and digital tools that underpin the integrity of trade, personal identity and the movement of goods. With a rich history dating back over 200 years, we have built strong relationships with governments, international brands and central banks in 140 countries around the world, developing leading-edge traceability software while staying at the forefront of material science and design.

We use our expertise to design and manufacture secure solutions which are reliable and resilient to the onslaught of counterfeiters.

Authentication

Protecting goods, supply chains and identities

- **Government Revenue Solutions**
  Trusted and easy-to-implement digital and physical tax excise schemes
- **ID security solutions**
  State-of-the-art polycarbonate data pages, ID cards and features
- **Brand protection**
  Helping major household names protect their revenues and reputations

FY24 revenue

£103.2m

+12.5%

Currency

Creating secure, durable and sustainable banknotes that enable financial inclusion

- **Banknotes**
  Provide finished banknotes to half of all central banks and issuing authorities
- **Polymer banknote substrate**
  More durable and easier to recycle than traditional cotton paper
- **Banknote security features**
  Experts in precise optical engineering and design to create advanced feature effects

FY24 revenue

£207.1m

-18.7%

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Strategic report

Securing trust

Strong economies and thriving societies require trust. Counterfeits and illicit trade represent a multi-trillion dollar issue with the potential to undermine that trust.

Our advanced solutions help to secure trust. Both our physical and digital solutions play an important role in this.

Advanced

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Securing trust:

Through Authentication

Bahrain launched a *digital tax stamp scheme* covering tobacco products in 2022.

Bahrain launched a digital tax stamp scheme covering tobacco products in 2022. A team from De La Rue worked closely with the National Bureau for Revenue (NBR) in the Kingdom of Bahrain during the period ahead of implementation and continues to support on an operational basis to maximise the beneficial impact of their scheme.

Ahead of implementation, as well as preparation of the underpinning legislation and design of the markers, the teams worked on how to recognise and register bona fide manufacturers, importers and retailers and effective publicity for the new scheme.

Since implementation the NBR, working closely with De La Rue and relevant government stakeholders, has used its social media channels to educate both the public and distributors and to give regular updates on enforcement actions. NBR invested in educational campaigns that included direct communication, workshops and supportive educational materials and FAQs published on NBR website as well as onboarding the NBR call centre to target excise payers prior to each phase and implementation milestone. In addition, a dedicated Relationship Manager was assigned to each importer throughout their journey and linked with their related manufacturers by De La Rue.

The NBR continues to monitor the local market through regular inspection visits. The success of the scheme in eliminating counterfeit tobacco products has given the authorities sufficient confidence to allow local manufacture of tobacco products for the first time, providing additional impetus to the local economy.

Through Currency

On 5 June 2024 sterling banknotes featuring a portrait of *King Charles III* were issued for the first time.

De La Rue has been the sole manufacturer of sterling banknotes for over 20 years.

This is the first time in UK history that four different banknotes have been launched at the same time and the first time the Bank of England has introduced a change of monarch on their banknotes.

We worked closely with the Bank of England's design team, building on our longstanding close relationship, to introduce the King's image into the existing polymer series, both as a portrait on the front of the banknotes and in the see-through security window. In so doing we ensured that the revised notes were balanced and printable.

The banknotes will co-circulate with the notes featuring Her Late Majesty Queen Elizabeth II. The new banknotes will be used to replace those that are worn and to meet any overall increase in demand, in line with guidance from the Royal Household.

Chairman's statement

Securing trust: delivering security

"Our values drive what we do. By remaining transparent, innovative, and collaborative, with a focus on the customer, we are securing trust with stakeholders."

Clive Whiley, Chairman

In the year since my appointment as Chairman, De La Rue has achieved much to harmonise stakeholder objectives. Throughout, I have sought to increase the cadence of communication with shareholders, lenders and the pension fund trustee, alongside providing 'air cover' for the executive management team to focus upon achieving the optimum performance for the business during a challenging time.

Chairman's statement continued

Progress in 2024

As detailed in the CEO Review, the financial results for FY24 met the guidance provided in April 2023, achieving adjusted operating profit of £21.0m (FY23: £27.8m) and limiting net debt to £89.4m (FY23: £82.4m), ahead of the mid-£90m guidance given in December 2023. In addition, the Authentication division increased revenue by 12.5% to of £103.2m (FY23: £91.7m), breaking the £100m barrier for the first time.

At the same time, we made significant strides in stabilising the financial position of the Group. In June 2023, we agreed a revised set of banking covenants together with a 15-month moratorium on pension deficit repair contributions. This was followed in December 2023 by an extension to the banking facilities to 1 July 2025 and a £28m reduction in pension deficit repair contributions for the next three years, the period to the next actuarial valuation. Further details of this can be found in the Financial Review on pages 50 to 55.

Strategic update

On 30 May 2024 we explained that, a Board review of the core strategic strengths of the Group and how best to optimise the underlying intrinsic value of the business for the benefit of all stakeholders had included:

- recognising the improved order intake and the future prospects for the Group's operating divisions and the Group as a whole;
- the accretive value creation that may be achieved with increased scale and capabilities in both of our operating divisions; and
- our commitment to reduce leverage and create greater financial flexibility in the funding structure of the Group as a whole.

In addition we noted that the Board was in discussions with a number of parties who have made proposals in relation to either of the Group's divisions. Since then, additional parties have expressed strategic interest in both divisions, and negotiations and due diligence are ongoing. We anticipate announcing further details ahead of our annual general meeting on 25 September 2024.

Current trading environment

In the Currency division, market activity is returning to more normal levels after a protracted downturn and our order book has been maintained at the enhanced levels witnessed at the year end. The Authentication division has underpinned over £150m of its future expected revenue by successfully renegotiating all four significant existing contracts that were up for renewal during the last year and now holds multi-year contracts with anticipated future revenues of over £350m. All this points to a more favourable background in which to trade in FY25 and beyond.

Responsible business

Operating in a responsible way is embedded in De La Rue's purpose: securing trust between people, businesses and governments. Our strategy encompasses clear commitments to lead our industry in sustainability and to maintain the highest ethical standards in the conduct of our business.

De La Rue has taken steps to lead our industry on environmental sustainability for many years. Under our commitment to the Science Based Targets Initiative, we are working towards reducing all our emissions (Scope 1, 2 and 3) by 45% by 2030. In addition, we remain committed to achieve carbon neutrality for our own operations by 2030.

Conclusion

We are fortunate to have a committed, hard-working workforce which is key to the success of the Group. There has been and there continues to be significant change throughout the organisation and I would like to thank every individual for their dedication during this time.

Despite the challenging trading environment over the last two years, De La Rue remains a trusted leader in providing authentication and currency solutions and the business is well placed to benefit from a normalisation of our markets.

As highlighted, the Board has made demonstrable progress in establishing a route to realising the underlying intrinsic value of the business for the benefit of all stakeholders and we look forward to completing this process during the current financial year.

Clive Whiley,
Chairman

24 July 2024

Securing trust:

Through Governance

We have a robust and resilient corporate governance framework which is well-suited to address De La Rue's strategic priorities.

Read more on page 74

Through our Code of Business Principles

It is vital that we conduct business with honesty, integrity and transparency, underpinned by the principles set out in our Code of Business Principles.

Read more on page 42

Through engagement with stakeholders

While a primary duty is to provide a sustainable return to shareholders, we engage with a wide range of stakeholders in order to run the business effectively.

Read more on page 21

CEO review

Increasing *resilience* and positioned for *future growth*

"Through a time of adversity we kept to our goal of managing the business to build resilience. We have delivered on expectations, and are emerging well-placed for future growth."

Clive Vacher, Chief Executive Officer

De La Rue's performance in FY24 was robust, meeting the targets and guidance set. It was a year in which we had to navigate a challenging trading environment, largely driven by the lengthy downcycle in currency demand. This environment has now improved significantly, highlighting the resilience and long-term nature of the worldwide currency industry. The significant transformation of De La Rue over the last four years has allowed the Company to transition through this industry downturn, and to emerge strongly to take advantage of the numerous opportunities coming to market in both divisions. At the same time, we have now grown the Authentication division to over £100m in revenue, with good prospects for further growth.

For FY24 De La Rue achieved an adjusted operating profit of £21.0m (FY23: £27.8m), in line with the guidance that we set out at the beginning of the year. IFRS operating profit of £5.8m (FY23: loss of £20.3m) was substantially better than last year, with lower exceptional costs.

CEO review continued

We worked hard to minimise the business impact of the challenges we faced, particularly the industry wide downturn in Currency in the wake of the Covid pandemic, further refining the efficiency of our operations, though we still saw a 18.7% fall in revenue to £207.1m (FY23: £254.6m). We right-sized our manufacturing capacity to reflect the volume of orders that we were processing, planned our production schedule carefully, reviewed our cost base in detail and prioritised cash generation through efficient working capital management.

The business is now emerging from that challenging trading environment more efficient, more streamlined and stronger than it was previously. The increase in activity within the Currency division that we noted in December 2023 has continued into the 2024 calendar year and we started FY25 with a total Currency order book of £239m (25 March 2023: £137m). By the end of June 2024 this had increased to £241m with a further substantial contract signed in early July.

The Authentication division achieved record sales of £103.2m in FY24, an increase of 12.5% over the FY23 total of £91.7m and surpassing its target for the year of £100m. Importantly the division also secured multi-year renewals on all four of the significant contracts that were due for renewal in the year. With these contracts in place, Authentication has sight of expected future revenue from contracts in excess of £350m, equivalent to around 3.5 years revenue at current run rates.

At the same time we made significant strides in stabilising the financial position of the Group. In June 2023 we agreed a revised set of banking covenants together with a 15-month moratorium on pension deficit repair contributions. This was followed by an extension to the banking facilities and a £28m reduction in pension deficit repair contributions for the next three years, both agreed in December 2023. Further details are in the Financial Review on pages 54 and 55.

Our expanded facility in Malta is progressing well, with the Authentication and Currency facilities on track for completion during FY25. We are also working on relocating the remaining non-manufacturing activities that occur in Gateshead. This builds on the progress that we have already made in streamlining our operations through ceasing production in Kenya and flexing our operating model more in line with expected patterns of production.

As well as maximising the efficiency of our current business, we continue to work to incorporate state-of-the-art technologies into our products. These include the digital solutions within Authentication which allow customers to track and trace billions of products with sub-second response times. In addition, within Currency we are developing leading-edge security features such as the ASSURE™ technology which brings embedded level 3 security, only identifiable by issuing authorities, to polymer banknotes.

Responsible business

Doing business responsibly remains at the very heart of our business. During FY24, we refined and bolstered our sanctions screening procedures. We were pleased when our ISO 37001 anti-bribery and corruption certification was subsequently renewed with no non-conformances raised.

Our ongoing efforts to improve energy efficiency have also been recognised, when we received an A- grade on our 2023 CDP Climate Change questionnaire, placing us as a climate change leader according to their assessment.

Securing trust:

Through our markets

We are well positioned to benefit from future growth in our markets.

Learn more about our markets on page 11

Through our business model

World leaders in our field, De La Rue provides expertise in secure product design, global manufacturing and software solutions for supply chain traceability.

Read more about our business model on page 16

Through our strategy

Our strategy can be summarised in three broad pillars: grow repeatable business, drive efficient operations and invest for the future.

Find more detail on our strategy on page 18

Through our focus on responsible business

We are committed to upholding the highest environmental, social, ethical and governance standards.

Read more on page 24

CEO review continued

Authentication

Our systems track billions of products with sub-second response times through *supply chain from manufacturer to end user.*

As mentioned above, the Authentication division achieved record sales of £103.2m in FY24 (FY23: £91.7m), surpassing its target for the year of £100m. Increased sales of data pages for the Australian passport, as expected, were the stand out driver of this sales increase, with Microsoft related sales lower than FY23 given the subdued state of the PC market. Government Revenue Solutions (GRS) delivered a stable performance.

The higher revenue led to adjusted controllable operating profit rising to £25.4m (FY23: £23.0m). Adjusted operating profit was £14.6m for the period (FY23: £14.3m), with the division bearing a greater proportion of enabling function costs given its higher revenue in both absolute and percentage of total terms. IFRS operating profit at £12.9m (FY23: £5.4m) also benefitted from lower exceptional charges.

At the beginning of FY24, Authentication was facing the renewal of four important contracts across all areas of the authentication operation. All four of these were successfully renewed with extensions of between three and five years' duration.

Within Brand the Microsoft contract was renewed to 2029, extending that relationship to over 25 years. Within GRS, we have achieved renewals of our contracts for the provision of digital tax stamp solutions in two existing customer territories for three and five years respectively and within ID Security Features, as announced at the half year, we renegotiated a three-year deal with a key customer on improved terms.

These contracts bring total expected revenue of over £150m and, as noted above, with these in place, the division now has sight of expected future revenue from contracts in excess of £350m, underpinning its potential to build further on the near-40% top line growth we have seen over the past five years. These contracts run for up to 11 years but the bulk of this revenue will accrue over the next three years.

Our production of data pages for the award-winning Australian passport progressed well in FY24. The 'Explorer' polycarbonate data page, formally launched back in June 2023, has been well-received by the industry and we are currently pursuing further business opportunities in this area.

In GRS, we continue to see good opportunities to expand the range of products authenticated within the existing territories which we cover, including soft drinks within the GCC region. We are looking to expand the number of territories covered as well as increasingly move to direct-to-product printing. In addition, we expect growth in Brand sales, including some modest growth in Microsoft volumes as the PC market recovers, as predicted by market intelligence firm IDC.

For more information:
delarue.com/authentication

CEO review continued

Currency

Maximising efficiency and flexibility throughout transformation.

During FY24, the Currency division maintained its high proportion of banknote tender wins and, because of the increased efficiency of the division, it remained profitable. This was despite being adversely impacted by the industry-wide slowdown in currency orders in the wake of the Covid pandemic for much of the year. The division achieved an adjusted operating profit of £6.4m (FY23: £13.6m) on revenue of £207.1m (FY23: £254.6m).

On an IFRS basis, operating loss narrowed materially to just £1.0m (FY23: loss of £24.8m), benefitting from the substantially smaller exceptional costs incurred in FY24.

In FY23 exceptional divisional costs totalled £38.4m and included costs associated with the termination of the supply agreement with Portals and provisions against Portals loan notes held by De La Rue. In FY24 exceptional divisional costs amounted to £7.4m.

Careful management helped to ensure that the fall in revenue across all areas of the division was less in percentage terms than the equivalent fall in volume in each area.

In turn, our efforts in right-sizing the business, together with meticulous control of costs, allowed us to achieve gross and operating margin in percentage terms at almost the same level as last year.

The period 2020 to 2023 saw a decrease in the number of new banknote designs, which limited the opportunities for polymer conversions versus our initial expectations.

We retain confidence in the long-term prospects in this area, with a range of significant countries continuing to evaluate conversion. Our most recent analysis indicates current potential interest in polymer banknotes of 54bn notes per annum, compared with actual current industry annual production of around 8bn notes.

We currently have the capacity to triple our production of polymer substrate without the need for further investment. We believe the continued move to the use of polymer substrate, with its improved durability and recyclability, will generate significant value over the next three to five years.

Our launch of ASSURE™ represents the first offer of a level 3 security in a proven polymer substrate and allows De La Rue to provide polymer notes with an full suite of security features.

We said at the time of the interim results that we had begun to see an up-tick in tender activity within Currency. This has continued through the last quarter of FY24 and into FY25. At the end of March 2024 the order book stood at £239.2m (25 March 2023: £136.8m). At the end of June 2024, the order book had increased to £241.4m, with a further substantial contract closed in early July.

For more information:
delarue.com/currency

CEO review continued

Our overall progress in the realm of sustainability was reflected in a Silver medal in Ecovadis' 2023 appraisal, ranking De La Rue in the top 15% of the thousands of companies assessed by this leading holistic sustainability ratings service and FT Statista has listed the company as a Climate Change Leader for a fourth successive year. Further information on De La Rue's approach to responsible business can be found on pages 24 to 45.

Employees

We continue to keep the health, safety and welfare of our employees centre stage. Overall, we have had an excellent year for health and safety compliance exceeding our targeted lost time injury frequency rate (LTIFR), through the active continuation of our 'Safe, Secure and Sustainable' hearts and minds campaign. We also completed the year with no governmental reportable accidents across all sites, even with the backdrop of extensive construction work at our Malta site. Elsewhere we have supported employee welfare by further developing site employee engagement teams. These teams organise events and activities for their sites including community support and fundraising.

Going concern

The Group's Revolving Credit Facility (RCF) expires on 1 July 2025. The cash flow forecasts for the Group indicate that it would not have sufficient liquidity to meet the obligation to repay the RCF on or before 1 July 2025. As detailed in the Chairman's Statement on pages 4 and 5, various strategic options are being pursued which would allow the Group to repay the RCF on or before 1 July 2025. The most progressed of those is the sale of the Authentication division. The Board notes that the probability of completion, timing and terms of the sale of the division are subject to factors outside of the Board's control, which may in turn impact the cash proceeds, the costs associated with the transaction and the amounts required to address any pension scheme risk, along with the day one liquidity of the retained operations of the Group. These matters represent a material uncertainty which may cast significant doubt upon the Group's ability and the Company's ability to continue as a going concern for a period up to 28 September 2025.

Notwithstanding the above, the Board is confident that the range of strategic options and the progress being made with them will ultimately allow the Group to repay the RCF in full before its expiration, satisfy future bonding requirements, mitigate any risks to the De La Rue UK defined benefit pension scheme and continue to operate the retained business as a going concern, though management acknowledge that the probability, timing and final agreed terms of any such transaction are subject to factors outside of the Board's control.

Our modelling also shows that the Group should meet all its liquidity and covenant requirements in the going concern assessment period, excluding the need to repay the RCF by 1 July 2025.

Current trading and outlook

In the first quarter of 2025, the Authentication division traded in line with expectations, having successfully renewed the four significant multi-year contracts referred to above. As well as continuing revenue from current contracts there is potential upside from the considerable number of new business opportunities that the Authentication division is currently actively pursuing.

The recovery in the Currency division noted in the interim results continues, as reflected in the order book figures at March and June 2024 set out above. This deeper order book has translated into higher revenues as well as improved gross and operating profit performance in the first quarter compared with the same period last year. The profitability of Currency has been further aided by an improved payback on the Portals termination. At the time of signing in 2022 we assumed this would take four years, but which we now estimate will be achieved in two years.

The polymer ECCB $2, designed and manufactured by De La Rue, won the International Bank Note Society's 'Bank Note of the Year' for 2023, as well as awards from High Security Printing Latin America and the International Association of Currency Affairs.

The precise outturn for the Group in FY25 will depend on the exact nature and timing of any business disposal. We will provide further details once these become clearer.

Conclusion

We move into FY25 with Currency now enjoying a prolonged and substantial growth in activity and with Authentication pursuing several potential new business opportunities, having already secured substantial revenue with its renewal of four significant multi-year contracts. As a result of the transformation of the company over the past four years, De La Rue's divisions occupy leadership positions in their respective industries and are well positioned to take advantage of the growth that is evident in their market segments.

I would like to thank all the employees at De La Rue for their perseverance and determination in reaching this point and look forward to taking full advantage of the new opportunities we now see across both divisions to create growth.

Clive Vacher,
Chief Executive Officer

24 July 2024

Read more about financial performance on page 50

Our markets

We are ideally placed to *benefit from growth* in our markets

$47bn

tax revenue lost annually through illicit tobacco trade according to WHO FCTC

34

issuing authorities with SAFEGUARD® polymer substrate banknotes

De La Rue has customers spread ***across the world***, in every continent other than Antarctica. Both Authentication and Currency divisions are therefore subject to a range of global trends.

Group revenue split per region

Our markets continued

Global macro trends

Increasing sophistication of counterfeiters

Why this is important

Counterfeiters are becoming ever more sophisticated over time and take advantage of the developments in commercially available equipment and materials to produce realistic fake products. Counterfeit goods undermine trust, expose consumers to greater risk and undermine economies.

Our response

De La Rue products and solutions are all designed to deter counterfeiters. Whether it is the use of laminated polycarbonate in the production of ID documents or the effective use of banknote design and features, our solutions are easy to authenticate yet extremely challenging for counterfeiters to simulate.

Estimated size of counterfeit market

up to $4.5trn*

* Source: US Patent and Trademark Office

Move to digital from physical solutions

Why this is important

There is a trend towards providing digital solutions, as they are more convenient and sustainable. Our products must evolve to keep pace with technological advances and our physical solutions must interact seamlessly with the digital world.

Our response

Within Authentication our solutions are digital enabled or digital based. DLR Certify™, our Government Revenue Solution system, and Traceology®, our Brand system, offer digitally enabled end-to-end track and trace systems as well as customer digital verification. Our solutions are built on the best technological solution to deliver the required performance. They are easy to implement and fast to use.

Tax stamps issued by De La Rue in FY24

over 11bn

Rise in digital payments

Why this is important

The rise in digital payments is driven by technological advances which have resulted in changing consumer behaviour. This increase is expected to continue but has slowed dramatically since Covid. The UK saw a slight increase in cash transactions in 2022 as consumers turned to the inherently strong budgeting characteristics of cash.

Our response

Many of the significant countries in which De La Rue operates have infrastructure, cultural habits and financial literacy levels that inhibit the natural adoption of digital payments by large sections of the population.

For central banks that recognise that cash will have a significant role to play even in a lower cash society, SAFEGUARD® polymer banknotes are a cost-effective solution to maintaining a functioning cash cycle.

De La Rue is monitoring the rise of digital currencies and is pro-active in influencing discussions about access to cash and central bank digital currencies.

People without access to a bank account

1.4bn*

* Source: World Bank

Industry stabilisation post-Covid

Why this is important

Many central banks have now worked through the stocks of currency which they accumulated at the start of the Covid pandemic. Within Authentication we are seeing government agencies around the world return to normal operations having suspended making major decisions during and just after the pandemic.

Our response

Activity levels are now returning to pre-pandemic patterns.

We monitor closely which territories may need new currency stocks, may be considering refreshing their ID documents or are yet to implement an FCTC compliant tax excise scheme for tobacco.

Our sales teams and TPPs in both divisions have maintained strong relationships with key staff at the relevant government agencies throughout the last four years.

Increase in Currency order book during FY24

+74%

Our markets continued

Global macro trends continued

Population growth in developing countries

Why this is important

Populations are still growing in developing countries. This leads to a greater need for goods, services and identification documents and helps sustain the use of cash over time.

Our response

De La Rue is well-placed with longstanding customer relationships to provide banknotes for countries where cash will remain a significant payment tool. We are also well-placed to deliver solutions for the growing markets for excisable goods that population growth brings.

Revenue from Middle East, Asia and Africa

57%

Rise in online purchases

Why this is important

Online purchases are rising generally. Without the ability to inspect goods physically at the point of sale, this offers more potential for counterfeiters. The rise in online shopping is linked to increases in counterfeit and illicit trade, creating significant issues for brand owners and governments hoping to reduce this activity.

Our response

De La Rue's brand protection solutions and tax excise schemes provide ways of verifying genuine products, combating the spread of counterfeit goods. Online payments are also encouraging payment transactions, with cash payments still contributing towards online purchases in many countries.

Global e-commerce annual transaction value

$3.1trn*

* Source: Worldpay

Governments and companies wish to act sustainably

Why this is important

Our customers' desire to act sustainably to safeguard the planet's resources leads them to seek goods and services which are sustainable in nature.

Our response

We are looking to achieve carbon neutrality from our own operations by 2030. Our near-term plans for carbon reduction have been approved by SBTi as sufficient to meet the targets of COP21.

Our SAFEGUARD® polymer substrate lasts longer, stays cleaner and is better able to be recycled than the cotton paper equivalent.

By moving towards digital solutions, our authentication offering requires less consumables.

Scope 1+2 emissions/tonne produced in FY24

-10%

Rising interest rates

Why this is important

The rise in interest rates over the last 18 months has had a direct impact on the interest paid by De La Rue on our banking facilities. Separately inflation in some countries sees banknotes wear out more quickly (as central banks typically do not introduce new high value notes in a timely fashion, meaning multiple notes are required for transactions).

Our response

We have redoubled our effort to maximise cash inflow to the business, including carefully monitoring working capital, matching capital expenditure to grants received, using cash balances against loans outstanding and renegotiating our pension deficit repair contributions on our historic defined benefit pension scheme.

EBIT/net interest ratio at 30 March 2024

1.55 *(FY23: 3.03)*

Our markets continued

Authentication

Our Authentication division provides solutions to combat *counterfeits and illicit trade* and *verify identity* around the world.

The sale of counterfeit and pirated goods equates to somewhere between $1.7trn and $4.5trn per annum according to the US Patent and Trademark Office.

Illicit economic activity can include smuggling, counterfeiting and tax evasion. It undermines excise revenues, damages businesses, benefits criminals, including funding terrorism, bypasses the reward for innovation and may expose consumers to harm as goods are supplied without needing to meet the health, safety, legal or environmental requirements of a legitimate supplier.

Illicit trade can bring material risk. 1 in 10 medical products in low and middle income countries are substandard or counterfeit according to the WHO, Africa loses up to 70% of food production because of low-quality or counterfeit seeds and non-genuine pesticides account for around 30% of the domestic agrochemical market in India. Illicit trade may finance organised crime and terrorism and may destabilise legitimate industries.

Governments need to minimise the impact of illicit trade and protect tax revenue and identities in order to fulfil a financial and moral duty, meet legal obligations, such as the WHO Framework Convention on Tobacco Control, decrease tax leakage and so generate revenue and provide security for jobs, trade and the health and wellbeing of their citizens.

All industries are impacted and the rise of e-commerce, social media platforms and cryptocurrencies provide fertile grounds for the sale of counterfeit goods. Weak and disrupted supply chains also provide avenues for counterfeits to enter legitimate channels.

There are a number of ways in which governments and manufacturers can tackle the menace of illicit trade. Physical tokens, increasingly in combination with digital solutions, help distinguish real products from fake ones. Digital traceability is essential to combat smuggling. Volume verification of production, through the use of tax markings and data analytics, ensures that excise revenues are correctly aligned with the actual volume of goods manufactured.

Secure travel documents protect countries from 'bad actors' and aid law enforcement.

De La Rue provides digital and physical end-to-end authentication solutions that are reliable, adaptable, and rapid to implement to protect revenue and reputations. We offer comprehensive traceability software which, together with physical security token and documents, make our expertise in preventing illicit and counterfeit trade world class. Our ID solutions provide secure ways to verify the identity of individuals.

For more information:
delarue.com/authentication

Our markets continued

Currency

Banknotes remain *highly relevant* in the 21st century.

At a time when concerns about electronic monitoring are growing, cash provides a private way of transacting, for example without the risk of hacking that electronic transactions invariably have. In less developed parts of the world, the technology-free nature of a cash transaction, with no need for internet access, knowledge or electricity is a real advantage. The World Bank estimates that 5bn people did not have good internet access in 2021, with the IMF estimating that it would take investment of over $400bn to rectify this.

In difficult economic times, cash acts both as a store of value and a budgeting tool. UK Finance surmise that this is why the number of cash payments made in the UK in 2022 rose by 6.7% when compared with the previous year.

In addition, use of cash allows businesses to avoid transaction fees which can be a significant cost particularly for smaller traders. It is also sustainable, using only 17.5% of the energy consumed by the global payments industry, according to the IMF.

From our country-by-country studies, we estimate that globally cash in circulation is growing by 5% per year, with the rate of growth in many countries, including some De La Rue customers, being substantially in excess of this.

Demand for banknotes is driven by increasing the value of cash in circulation, replacing banknotes that have reached the end of their useful life and the periodic transition to a new series of banknotes.

De La Rue has built up strong relationships working with central banks and state printers around the world over many years. Banknotes are both a key part of any country's economy and a key national symbol: our customers need to have absolute trust in us to be a partner in their banknote manufacture.

As a manufacturer, inventor, designer, and printer of banknotes, security features, and polymer substrate, we are unique. No other supplier is as deeply and effectively integrated into the banknote design process as De La Rue. Working collaboratively, our design teams combine their respective disciplines and decades of experience and creativity to deliver exceptional banknote designs, integrating security features seamlessly into them.

We offer the flexibility of using one or more elements of our suite of banknote products or an end-to-end design and manufacture process. We can provide SAFEGUARD® and our range of increasingly advanced security features for a state printworks or other manufacturer to assemble and complete. For other customers we work directly in partnership with the central bank to create and manufacture a complete banknote or banknote series, often incorporating our own substrate and security features.

For more information: delarue.com/currency

Our business model

How we *create value*

World leaders in our field, De La Rue has expertise in secure product design, global manufacturing and software solutions for supply chain traceability to governments and businesses worldwide.

Our unique strengths

Core expertise in secure printing

Our 1,600 dedicated employees work closely with our customers to produce secure printed products of the highest quality.

Design expertise

Our in-house design studio leads the industry, with a team that has over 350 years of experience, collaborating with customers throughout the development process.

Manufacturing and development capability

We have invested in world class facilities for banknote and authentication product manufacture, along with targeted investment in our authentication software. We are able to scale up to meet future demand without further investment.

Longstanding relationships

Trust is paramount in the secure print industry. Sales cycles are long and customers seek to build partnerships over time. Many of our customers have dealt with De La Rue for many years and we have built relationships with them up to the highest level over the years.

Research and development

Our research and development activities provide focused innovation, leveraging our deep knowledge of our customer needs.

Trusted brand

De La Rue is a trusted British brand with longstanding relationships with many government agencies around the world and printing expertise stretching back over 200 years.

Suppliers and partners

We build enduring relationships with our suppliers and partners all over the world to ensure ethical, sustainable and reliable delivery to our customers.

Our business model continued

How we create value

Understanding customer needs

- Our customers are largely national tax authorities, banknote issuing authorities, state printing works and international brand owners. We are relied upon as a trusted partner. We understand the national significance of the introduction of a new banknote series, ID document or a new tax stamp scheme and work closely with our customers on design and implementation.

Precision manufacturing

- We produce goods of the highest quality at volume.
- Each of our products must be different at the end of the manufacturing process in order to be traceable, but each must also be verifiable, so designed for recognition and authentication.

Design and technical expertise

- We layer traditional design techniques such as engraving with the latest security features to produce attractive and robust banknotes and authentication products. These combine national symbols, logos, colour, features and substrate to create an attractive, sustainable, cost effective, resilient completed product.
- The integration skills of De La Rue's designers ensure that these products are easy to authenticate, but also resistant to counterfeiting.

Operations

- Our physical products are produced and shipped to meet customer timetables. We plan our production timetables carefully to meet customer needs and maximise operational efficiency across our sites.
- Our digital solutions are secure, robust and reliable, designed for speed of operation and ease of implementation.
- We maintain a range of ISO certifications across our sites to provide independent reassurance to our customers that we act ethically, manufacture safely and with high quality standards, with due regard to the environment and according to the standards set up by the secure printing industry.

Securing trust: Creating value for our stakeholders

Our products in use

- Enable secure participation in the economy.
- Help to deliver confidence.
- Support social and financial inclusion.
- Protect tax revenues.
- Tackle counterfeit goods and illicit trade.

Customers

- Acquire authentication solutions that provide security and traceability.
- Gain durable, high quality banknotes, exemplifying the country they represent, embedding a combination of features that combat counterfeiting.

Suppliers

- Gain a long-term working relationship with an ethical partner.
- Receive repeat orders from a customer that treats them with respect.

Employees

- We promote an inclusive culture which values diversity, the health and wellbeing of our employees and whether they can achieve their potential.

Communities

- We are conscious of our responsibilities to the communities in which we work and are committed to minimising the impact of our operations on the environment.

Shareholders

- Our strategy (see page 18) is designed to achieve sustainable profitability and cash generation to create long-term shareholder value.

Our strategy

Our day-to-day divisional strategic focus has *three broad pillars*: grow repeatable business, drive efficient operations and invest for the future

Our strategic pillars

Grow repeatable business

Increasing our revenue through relationships providing ongoing income.

Drive efficient operations

Streamlining our business to minimise cost while retaining flexibility.

Invest for the future

Focusing our technical expertise to develop the solutions of the future.

What our strategic pillars cover

Grow repeatable business
Expand the GRS offering: – covering other excisable goods, – expanding in targeted territories focusing on the GCC and beyond, and – renewing existing contracts on favourable terms.
Within Brand Protection to grow sales of our highly secure labels and digital end-to-end traceability
Build on the success of our world-leading polycarbonate data page
Target the large market of state printworks for sales of: – polymer, – security features, and – overspill services.
Continue to supply secure innovative banknotes of the highest quality to our customers
Operate in accordance with the highest ethical standards
Drive efficient operations
Stabilise the funding position of the Group
Balance Currency operations to anticipated demand – continue to print banknotes profitably
Resolve remaining legacy issues affecting shareholder value
Deliver further areas of operational efficiency improvement, with strong focus on cash generation
Deliver seamlessly for our customers
Continue to invest in our GRS software capability and infrastructure
Invest for the future
Commercialise the next generation of effects, security features and product formats using our expertise in design, surface-relief micro-structures and volume holography
Continue to implement international best practice to enhance our digital offering in Authentication
Evolve SAFEGUARD® to enable the next generation of security features and maintain 'best for printers' focus
Improve our energy efficiency, working towards carbon neutrality from our own operations by 2030

Find out more about how we measure progress against our strategic aims in KPIs on pages 46 to 49.

Our strategy continued

Our strategy in action

Currency

Conversion of Egyptian LE20 *banknote to polymer*

In June 2023, the Central Bank of Egypt launched the new polymer 20 pound banknote. This followed the successful conversion of the 10 pound banknote in 2022 and, as with the LE10, circulates on De La Rue's SAFEGUARD® polymer substrate.

The launch of the LE20 represents a continuation of the conversion of Egyptian banknotes to cleaner, more durable and more cost-effective banknotes, as well as a further expansion of SAFEGUARD® supplied to state printworks by De La Rue.

Authentication

Explorer passport *bio-data page*

In June 2023, De La Rue launched its 'Explorer' passport bio-data page. The Explorer represents the next generation of polycarbonate passport data page, containing a range of innovative design details and security features (some of which appear on the R-Series Australian passport). New features include a tamper-proof fringe hinge, a woven thread that is intricately woven into the polycarbonate layers, metallisation and detailed edge cut technologies, which combine to create a highly secure data page with outstanding design.

Our strategy continued

Our strategy in action

Authentication

Mason Pearson countering diversion in the *luxury beauty* market

Mason Pearson is a prestigious British company renowned for its luxury handcrafted hairbrushes.

Mason Pearson brushes began appearing via unauthorised online distribution channels, posing a potential threat to the company's traditional distribution model, and disruption to their much sought after customer experience. This deterioration in customer service had a detrimental effect on Mason Pearson's overall business.

In order to fix these brand protection challenges, Mason Pearson turned to a De La Rue solution. They used a combination of an offline IZON® hologram label which blends with their existing packaging, together with the online Traceology® software system which equipped the company with comprehensive tracking data. Each labelled box could be scanned and traced through the supply system, enabling the company to see where each product was sold.

So far, the De La Rue system has flushed out a number of unauthorised sales channels providing an attractive, effective and easy to implement brand protection system.

Currency

ASSURE™ *Embedded covert security* for polymer banknotes

Sometimes countries need a higher level of security for their banknotes than usual. Our ASSURE™ machine-readable security that can be embedded in polymer notes is only identifiable by issuing authorities, keeping banknote integrity secret and secure from counterfeiters. The feature is durable as it is embedded within the banknote, meaning it is there as a feature of last resort, no matter how damaged or worn the banknote is.

Polymer banknotes now have the equivalent security options to paper substrates, with the added benefits of greater durability and sustainability.

Stakeholder engagement and Section 172 statement

Our Directors recognise the importance of *communication and engagement* with all stakeholders

In their discussions and decision making during the year to 30 March 2024, the Directors confirm that they have acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

In doing so, they have had regard to stakeholders' interests and specifically each of the matters set out in section 172(1) (a)-(f) of the Companies Act 2006. Whilst it is not always possible to meet the preferences of all stakeholders, the Board aims to ensure that all relevant matters are considered when making a decision.

Methods used by the Board

The Executive Directors and other members of the Executive Leadership Team, supported by senior managers, undertake the key engagement with stakeholders. All of our internal and external relationships are built on trust and we recognise that while this is earned over a long period, it can be lost in an instant. We know that communication is key to our success and there are clear accountabilities for relationship management across the business, to ensure that we protect and develop our reputation with all our partners and counterparties.

The Board is kept up to date with shareholder and other stakeholder views through reports from Executive Directors, members of the Executive Leadership Team, brokers and advisors, directly from meeting stakeholders, and from employees through our Non-executive Director responsible for employee engagement during Employee Voice Forum meetings. All of our Board members are encouraged to spend time in the business and to meet De La Rue's workforce.

Section 172 factor	Relevant disclosures	Page
a) the likely consequences of any decision in the long term	– Chairman's statement – CEO review – Our business model – Our strategy – Sustainability goals – Key performance indicators	4 to 5 6 to 10 16 to 17 18 to 20 33 46 to 49
b) the interests of our employees and wider workforce	– People – Business standards – Key matters considered by the Board – Ethics Committee – Remuneration Report	36 to 40 42 to 45 76 92 to 93 94 to 112
c) the need to foster business relationships with our suppliers, customers and other key stakeholders	– Securing trust through Authentication and Currency – How we create value – Third party partner sales consultants (TPPs) and suppliers – Our markets	3 16 to 17 44 11 to 15
d) the impact of our operations on the community and environment	– Environment & TCFD – Charitable and community activities	27 to 35 41
e) the desirability of maintaining a reputation for high standards of business conduct	– People – Responsible business – Raising concerns – Accreditations and certifications – Ethics Committee	36 to 41 24 to 45 39 45 92 to 93
f) the need to act fairly as between our shareholders	– Responsible business – Chairman's introduction to governance	24 to 45 70 to 71

Stakeholder engagement and Section 172 statement continued

Whilst the Directors' primary focus is to deliver a return to shareholders that is sustainable over the long term, the Directors are aware of their wider obligations to all stakeholders.

Our strategic objectives

- Grow repeatable business
- Drive efficient operations
- Invest for the future

Investors

Strategic objectives:

Our engagement

The views of all our investors are an important consideration and are regularly summarised and presented to the Board. Every share carries equal rights, whether held by an institutional investor or retail shareholder.

We engage proactively with shareholders and institutional fund managers and discuss a range of strategic, financial and operational issues. Throughout the year Clive Vacher has met with investors covering over 65% of our share capital, and Clive Whiley has held frequent meetings with institutional investors, in some cases monthly.

For our employees and other shareholders with smaller holdings, our full and half yearly results presentations are webcast and available for all. In addition, shareholders are entitled to attend the AGM and we provide a Q&A facility on our website in advance of general meetings. At our September 2023 AGM, all resolutions passed in excess of 88.90% with the exception of one resolution relating to the disapplication of pre-emption rights.

Lenders

Strategic objectives:

Our engagement

Our lenders are a key stakeholder for the Group and we meet regularly with them.

During FY24, we entered into an amended facility agreement with our lenders with a revised package of covenants more suited to the environment in which the Company operates. In December 2023, we secured an extension to our banking facilities to July 2025, as well as cancelling £15m of the facility to reflect the reality of current bank base rates.

See pages 54 and 55 for more information.

Pension Trustee

Strategic objectives:

Our engagement

This year has seen a high level of engagement with the Trustee of the De La Rue Pension Fund, overseen by the Pensions Regulator, resulting in the deferral of £18.75m of deficit repair contributions from March 2023 to July 2024.

See page 55 for more information.

Employees

Strategic objectives:

Our engagement

We rely on our highly skilled workforce of 1,600 employees to deliver our business results. The Directors and the Board understand the strategic importance of the workforce to our future and always have due regard to the interests of our employees, contractors and other members of the workforce.

The training and development of our workforce is critical for the Group, and as such this year we have invested in management fundamentals training for all people managers and a leadership pathway training for key individuals.

Clive Whiley is the designated independent Non-executive Director for workforce engagement and chairs the Employee Voice Forum which met twice in the year. During the year, these were held on site in Logan, USA and Sri Lanka with site workers attending these, with the findings and recommendations being shared with the Board.

See pages 38 and 77 for more information.

Stakeholder engagement and Section 172 statement continued

Customers, third party sales consultants (TPPs) and other suppliers

Strategic objectives:

Our engagement

We are proud of the strong relationships that we have built with our customers over many years.

Our relationship with our customers and suppliers is based on mutual understanding, respect and trust. While most of the engagement is led by executive management, the Board kept the status of our supply chain under review during the year as well as approving contracts of significant value. We are also a signatory to the Prompt Payment Code.

This year, we have enhanced our due diligence systems and procedures, building a much deeper and broader understanding of the suppliers, customers and partners that we trade with.

We complete legal compliance audits on all operational sites annually, looking at local legislation and corporate EHS standards. We work closely with suppliers and customers making sure that our supply chain process is compliant to local and international legislation. We are fully committed to meeting the EHS requirements of our customer base, and actively work with them with regards to requests for data and technical support.

See page 40 for more information.

Other stakeholders: Trade bodies, regulators, partners in sustainability

Strategic objectives:

Our engagement

The Board has regard to the interests of a range of other stakeholders, including industry bodies, regulators and a range of partners in sustainability.

We are heavily involved in leading the industry through our involvement with trade bodies. We are one of the founder members of the Bank Note Ethics Initiative, and Ruth Euling, Executive Director, is the Vice Chair on the International Currency Association. The ICA works to drive industry conferences, consumer marketing and a focus on sustainability.

In addition, we are an active member of the International Tax Association, helping to set the standards and best practice in tax stamps schemes.

We are a member of the Expert Working Committee for Intergraf, therefore working with other security specialists from the industry consulting with Intergraf on improvements to additional security and inclusion of technology.

The Directors continue to pursue longer-term sustainability goals, including carbon targets for 2030 and 2050, in each case supported by action plans. In recognition of these efforts, in FY24 the Group was awarded A- for Climate Change by CDP, giving De La Rue leadership status in this area. In addition we were again listed as a FT Statista Climate Change leader.

Strategic objectives:

Grow repeatable business

Drive efficient operations

Invest for the future

How we factor our stakeholders into our decision making

Since joining the Board as Chairman in May 2023, Clive Whiley has completed an in-depth strategic review of the business, while largely leaving the executive management team free to develop the business. This review enabled the Board to gauge the core strategic strengths of the Group during the challenging financial environment. In the course of his work, the Chairman has substantially increased the cadence of communication with our investors, lenders and the pension fund trustee.

Since May 2023, he has held frequent, and in some instances monthly meetings with our top institutional investors, covering the majority of the issued share capital. This engagement with investors has covered future opportunities for the Company and has established the strengths and viability of each division, both separately and together.

In support of this process, in June 2023 the Company entered into an amended and restated revolving credit facility agreement which was later extended in December 2023 to July 2025. The entering into of this facility agreement has enabled the business to continue to operate and grow during this challenging environment.

Alongside the engagement with investors, the Chairman also engaged heavily with the pension trustee and pension regulator in regard to a moratorium on payments to July 2024 (thereby improving cash flow) and a revaluation of the pension scheme, (agreed in December 2023), with deficit repair contributions becoming payable from July 2024, at a lower level than previously agreed. This revised deficit repair contribution schedule provided De La Rue with a significantly improved cash flow profile, and will reduce cash outflows by £28m over the period to the end of FY27.

This enhanced communication with investors, lenders and the pension trustee has continued while the Company continues to a more stable financial position.

Responsible business report

Securing trust through our focus on responsible business

Our Authentication and Currency divisions enable our customers to deliver sustainable services underpinning the integrity of economies and trade. To achieve our overarching purpose of securing trust between people, businesses and governments, it is crucial that we uphold the highest environmental, social, human rights, ethical and governance standards in the way we conduct our business.

This responsible business report outlines some of the ways we are fulfilling these commitments, upholding the principles of the UN Global Compact, and contributing to the UN Sustainable Development Goals. Further information demonstrating how Environmental, Social and Governance (ESG) considerations are embedded in our performance and strategy to support the long-term interests of the business and its stakeholders can be found throughout the Annual Report and on our website www.delarue.com.

"De La Rue has been a participant in the UN Global Compact (UNGC) since 2016 and remains committed to the initiative."

Clive Vacher,
CEO

Our commitments

Environment

- We are committed to leading the industry on environmental sustainability and achieving carbon neutrality for our own operations by 2030.
- We set clear goals to minimise the impact of our operations on the environment.

Find out about our commitments to Environment on pages 27 to 35

People

- We treat everyone in an ethical and respectful way, promoting an inclusive culture that values diversity, and protecting human rights both within our business and in our wider supply chain.
- We prioritise the health, safety and wellbeing of our people.
- We work hard to maintain regular engagement with our stakeholders including employees, investors, customers, suppliers, and the communities in which we work.

Find out about our commitments to People on pages 36 to 41

Business standards

- Our Code of Business Principles sets out core principles which define the way we behave and work daily.
- Our governance system helps us deliver on our responsibilities to stakeholders through the operation of robust policies, processes and monitoring systems.

Find out about our commitments to Business standards on pages 42 to 45

Responsible business report continued

Governance and management

The Board has oversight of all our ESG initiatives through regular reporting, both on a standalone basis and as part of wider strategic initiatives. Clive Vacher is the nominated Director with overall responsibility for our sustainability strategy. Governance of ESG-related matters is embedded within our existing Board and committee structure. See page 75 for an overview of this structure. The Executive Leadership Team (ELT) plays a key role, with responsibility for strategy implementation, setting targets, ensuring ongoing monitoring of performance and that ESG issues are an integral part of day-to-day business decision making.

For further information about environmental governance, see page 33

WE SUPPORT UN GLOBAL COMPACT

De La Rue has been a participant in the UN Global Compact (UNGC), the world's largest corporate sustainability initiative, since 2016 and we remain aligned with the universal principles on human rights, labour, environment and anti-corruption that are championed by the UNGC.

SILVER 2023 ecovadis Sustainability Rating

De La Rue has been awarded a Silver EcoVadis Medal for the second year running. This result places us among the top 15% of companies assessed by EcoVadis. This recognises our strong management system addressing sustainability criteria across the four pillars of Environment, Labour & Human Rights, Ethics and Sustainable Procurement.

FTSE4Good

De La Rue has been independently assessed and has satisfied the requirements to remain a constituent of the FTSE4Good Index Series. This Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FT FINANCIAL TIMES statista CLIMATE LEADERS 2021-2024

De La Rue has, for the fourth consecutive year, been recognised as one of "Europe's Climate Leaders" in the Financial Times and Statista report. This report lists businesses leading the way in delivering significant reductions in their Scope 1 and 2 carbon emission and factors in transparency around Scope 3 emissions (supply chain emissions).

Responsible business report continued

United Nations Sustainable Development Goals

We believe that, in delivering our purpose of securing trust between people, businesses and governments, and adopting internal polices and processes which have a positive impact on our stakeholders, we make a significant contribution to the following of the 17 UN SDGs:

How De La Rue contributes to UN SDGs

1 NO POVERTY

Our highly secure physical and digital solutions underpin the integrity of economies and trade. Our Currency products and services promote financial inclusion, enabling all citizens, including those with little or no access to the banking system, to participate in the global economy. Protecting government revenues supports the provision of health, education and infrastructure to alleviate poverty.

See pages 14 and 15 for further information about our impact.

3 GOOD HEALTH AND WELL-BEING

Our Authentication products help to tackle illicit trade, protecting populations from counterfeit goods, including medicines, food and drink which may be harmful to health. Through our track and trace solutions we directly contribute to strengthening the implementation of the World Health Organization Framework Convention on Tobacco Control, a key target of SDG3.

See pages 12 and 14 for further information about our impact.

5 GENDER EQUALITY

We are proud of our diversity, equity and inclusion programme and have a gender target for our management population which is a KPI. We participated in the UN Global Compact Target Gender Equality initiative and report and publish information in line with our obligations under the UK Equality Act (Gender Pay Gap Information) Regulations.

See pages 37 and 81 for further information about our impact.

8 DECENT WORK AND ECONOMIC GROWTH

We work with governments to secure trust and build strong economies by providing solutions which underpin the integrity of economies and trade. We protect labour rights and promote safe and secure working environments for our workers and expect our suppliers to do the same.

See pages 36, 38, 39 and 44 for further information about our impact.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We are committed to leading our industry in sustainability, working on the sustainability credentials of our products through their lifecycle and investing in recycling and waste management initiatives and carbon footprint models. We participate annually in the CDP (formerly known as the Carbon Disclosure Project), have approved SBTi targets, and support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

See pages 27 to 35 for further information about our impact.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Our GRS and brand protection solutions prevent counterfeiting and illicit trade, contributing to combatting organised crime. The provision of secure components for identity documents, including holograms and polycarbonate datapages, supports the target under this SDG to provide legal identity for all.

See pages 12 and 14 for further information about our impact.

17 PARTNERSHIPS FOR THE GOALS

By delivering on our purpose and working closely with governments, central banks and commercial organisations, we provide products which improve economies, particularly amongst developing countries.

See pages 13, 14 and 15 for further information about our impact.

Our additional UN SDG contributions

We also make a positive contribution to the following SDGs

4 QUALITY EDUCATION | **7 AFFORDABLE AND CLEAN ENERGY** | **9 INDUSTRY, INNOVATION AND INFRASTRUCTURE** | **10 REDUCED INEQUALITIES** | **13 CLIMATE ACTION**

Responsible business report continued

Environment

De La Rue has been driving an ambitious and comprehensive environmental programme since 2020. During that time, we have sought to continuously improve our management of environmental sustainability, focusing on assessing the potential risks and opportunities for the business and reducing the impact of our operations and products on the environment.

Environmental sustainability is core to our business, with Sustainability and Climate Change being one of De La Rue's principal risks (see pages 56 – 63).

We continue to be confident in our approach and believe that our efforts will have greatest impact in the following key areas; carbon, energy and energy efficiency, sustainable consumption and nature solutions.

We will continue to focus on accelerating our progress in these areas and have set short and medium-term targets to ensure we remain on track to achieve our sustainability ambitions, aligned with the UK Government's goal of achieving net zero by 2050. We intend to publish longer-term goals in 2025 and 2026 to outline our strategy for net zero, following a deep dive assessment of our sustainability strategy during 2024.

Our material issues

Carbon including:
- Supply chain
- Impact of products

Energy and energy efficiency

Sustainable consumption
- Waste
- Water
- Single use plastics

Responsible business report continued

Environment continued

Carbon

Credible low carbon strategies require science-based emission reduction pathways. We have set ambitious near-term carbon reduction targets approved by the Science Based Targets Initiative (SBTi). In line with the target level of the Paris Agreement of keeping global temperature increases below 1.5°C, De La Rue commits to reduce our absolute Scope 1 and 2 GHG emissions by 46.2% by FY30 from a FY20 base year. We also commit to reducing our absolute Scope 3 GHG emissions by 46.2% within the same timeframe. We will take a consistent and transparent approach to reviewing our targets on a periodic basis with the next review due in FY25. If necessary, we will recalculate and revalidate the targets in line with SBTi policy. Details and annual progress against our carbon reduction targets can be found on pages 29 and 35.

Supply chain management

Around 65% of our total emissions come from our supply chain, underlining the necessity of measuring progress and setting targets for our supply base. In 2023, De La Rue partnered with EcoVadis, a global sustainability rating company, to ensure we were effectively managing risk and compliance in our supply chain and, of most relevance, driving Scope 3 decarbonisation. Through our EcoVadis partnership and other related activities, we have been able to engage proactively with our suppliers and incorporate their input to improve our calculation of Scope 3. For example, we are able to identify suppliers who have set carbon reduction targets through EcoVadis. Details on our progress in this area can be found on page 35.

Key supplier spend on EcoVadis

50%

Impact of products

Reducing the impact of our products throughout their lifecycle is a key priority for De La Rue. In FY24, we updated our Lifecycle Assessment (LCA) model for our banknotes to capture recent machinery upgrades and our latest security features to ensure we are providing our customers an accurate product carbon footprint. In addition, as a manufacturer of polymer substrate, we remain committed to recycling all our polymer manufacturing waste across the Group and furthermore help our customers identify the right solutions for their worn banknotes.

Energy and energy efficiency

The best type of clean energy is to consume less energy, which is why we continuously look to identify opportunities to reduce energy usage across our operations. Concurrently, it is vital to our sustainability ambitions to increase the proportion of renewables in our overall energy consumption. Purchased electricity for all our UK sites is from renewable sources and we have additionally installed solar panels in our site at Westhoughton. For FY25 and FY26 we are striving to increase our onsite renewable generation through new solar energy projects in the UK, Malta and Sri Lanka. These projects will be reviewed in FY25. For more information on energy efficiency measures in FY24, please see page 35.

Electricity from renewable sources*

60%

* From purchased renewable electricity and solar panels in Westhoughton

Responsible business report continued

Greenhouse Gas Emissions

De La Rue reports on all of the mandatory non-financial disclosures required by the UK Companies Act 2006 including our greenhouse gas (GHG) emissions, as required by the Streamlined Emissions and Carbon Reporting (SECR) regulation. The Greenhouse Gas Protocol Corporate Standard methodology has been applied to calculate the GHG emissions associated with De La Rue's operational activities, along with the UK Government GHG Conversion Factors for Company Reporting 2023, IEA Emissions Factors and AIB6 Residual Mix Emissions Factors.

Streamlined Emissions and Carbon Reporting (SECR)

As a large, listed company, De La Rue is required to report its energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The data detailed here represents emissions and energy use for which De La Rue is responsible, including electricity, gas use, process, and fugitive emissions in offices.

	FY24			FY23			FY22		
	UK and offshore	Global*		UK and offshore	Global*		UK and offshore	Global*	
Type of emissions	tCO_2e		% of total	tCO_2e		% of total	tCO_2e		% of total
Direct (Scope 1)	3,455	396	3.1	6,713	461	2.9	6,122	537	3.9
Indirect (Scope 2 – market-based)	–	4,411	3.6	–	4,341	1.7	–	6,110	3.6
Indirect (Scope 2 – location-based)	2,280	6,920		3,191	8,128		4,036	8,633	
Scope 1 & 2 (market-based)	3,455	4,807	6.7	6,713	4,802	4.6	6,122	6,648	7.4
Indirect other (Scope 3)**	115,261		93.3	238,186		95.3	159,206		92.6
1. Purchased goods and services	79,014		64.0	158,900		63.6	106,573		61.9
2. Capital goods	8,714		7.1	10,160		4.0	4,537		2.6
3. Fuel and energy related activities	2,800		2.3	4,486		1.8	6,337		3.7
4. Upstream transportation and distribution	12,338		10.0	41,409		16.6	28,676		16.7
5. Waste generated in operations	373		0.3	478		0.2	668		0.4
6. Business travel	1,154		0.9	942		0.4	774		0.5
7. Employee commuting	1,322		1.1	1,959		0.8	2,030		1.2
8. Upstream leased assets	81		0.1	91		–	28		–
9. Downstream transportation and distribution	3,674		2.9	13,928		5.6	1		–
12. End-of-life treatment of sold products	5,791		4.6	5,833		2.3	9,582		5.6
Total gross emissions (market-based)	123,523		100.0	249,701		100.0	171,976		100.0
Intensity ratio UK and Global: Tonnes of gross CO_2e (Scope 1 and 2 market-based) per million GB £ turnover	26.6			32.9			34.0		
Energy consumption used to calculate Scope 1 and 2 emissions/kWh	22,543,553	19,333,108		34,507,797	22,673,342		31,055,320	25,173,111	

Notes:
* Global includes all sites outside of the UK.
** Scope 3 emission categories 10, 11, 13, 14 and 15, associated with the processing of sold products, use of sold products, downstream leased assets, franchises and investments are not applicable to De La Rue.

The emissions from previous years have been adjusted within this year's report. This was due to availability of updated figures for March 2023, for which only estimates were shown in 2023 report. The methodology to account for this adjustment is aligned to the latest reporting requirements. De La Rue has also commissioned an independent third-party limited assurance verification of our direct (Scope 1) and market-based indirect (Scope 2) greenhouse gas emissions for FY23 aligned with the ISO 14064-3:2019 standard. The FY23 verification took into account the adjustment made in this year's report and we will be commissioning a limited assurance verification of our FY24 emissions in the upcoming year.

Subsequent to the verification, we purchased carbon offset credits accounting for 35% of our greenhouse gas emissions in FY23, through PAS2060 aligned carbon offsetting projects. This is a part of our phased offsetting programme to achieve carbon neutrality by FY30 in our operations.

We continued to purchase renewable electricity for all our UK sites in addition with Guarantees of Origins (GoOs) for Malta and I-RECs that ensured the Sri Lanka facility ran on 100% renewable electricity for FY24.

Our site in Logan, USA, achieved a greater than 10% reduction in energy consumption as the site continued to transition from argon lasers to more energy efficient solid-state lasers. In addition, all sites across the Group have pursued more energy efficient replacements for our existing infrastructure that has reached its end of life.

Responsible business report continued

Environment continued

Scope 1 & 2 emission/floor area ($kgCO_2e/m^2$)

Floor area is inclusive of our Westhoughton and Malta expansions. In FY24, we have made a 28% reduction against FY23. This is primarily due to dynamic changes within the business in addition with implemented energy efficiency measures.

Carbon neutral by 2030 (tCO_2e)

Scope 1 & 2 emission/output ($kgCO_2e$/tonne)

In FY24, we saw a 10% reduction in this metric, following the correction of an operating inefficiency in Westhoughton.

Carbon neutral by 2030 for our operations

We have set a target to be carbon neutral by 2030 for our own operations across Scope 1 and 2 (market-based) emissions through a phased offsetting programme. This will allow us to offset any residual emissions that we cannot reduce. This is in alignment with our ambition for net zero by 2050 or sooner. The graph above illustrates our plan, with future planned offsets calculated as a proportion of the targeted emissions.

In FY24, we saw a 27% reduction in our total energy consumption against our FY20 base year. This reduction was primarily due to a drop in production activity in Currency as well as energy efficiency measures throughout the Group. In FY24 we also achieved a 55% reduction in Scope 1 and Scope 2 (market-based) carbon emissions against our FY20 baseline year.

Overall, we have achieved the target emissions for our science-based target.

As the drop in Currency production in FY24 was a significant contributing factor towards this reduction, we expect our emissions to increase for the upcoming year as we anticipate our Currency production volumes will increase in FY25. We will continue to review our science-based targets in FY25 as part of a periodic review process.

We have also seen a sustained reduction in the total Scope 1 and 2 (market-based) gross normalised emissions, which have seen a decrease of 19% from 32.93 to 26.65 tCO_2e per £m revenue in FY24 compared to FY23. This provides reassurance that even accounting for the drop in Currency production volumes, we have still seen a sustained reduction in our greenhouse gas emissions.

We saw a significant decrease in our total Scope 3 emissions, which fell by 52% overall in FY24 compared to the prior year. This was primarily driven by a 50% reduction in Category 1, Purchased Goods and Services, as a result of a 28% reduction in spend corresponding to observed drop in Currency production in FY24.

Scope 3 Categories 3 (fuel and energy related activities) and 12 (end of life of sold products) also fell largely driven by volumes. Due to new evidence, the methodology used for calculating Categories 4 and 9 (upstream and downstream distribution and transportation) emissions were updated, and there was an overall 70% reduction in emissions for these categories due to a decrease in overall freight correlating with Currency production.

Overall in FY24, Scope 3 emissions have reduced by 44% against our FY20 base year, bringing us within reach of our Scope 3 science-based target. However, similar to Scope 1 and 2 emissions, we expect our Scope 3 emissions to increase in the upcoming year due to the anticipated increase in production volumes. We continue to focus on our Scope 3 emissions, working closely with our suppliers, partners and customers to reduce our impact on the environment. Our engagement with our targeted suppliers in the EcoVadis programme remains key to our work to better understand and improve our Scope 3 emissions.

Responsible business report continued

CDP Climate Change

De La Rue has achieved a score of A- on our 2023 CDP Climate Change Questionnaire, reaching leadership status (A and A- scores). De La Rue is committed to being transparent in terms of climate disclosures and we will continue to demonstrate our leadership in addressing climate risks and our contribution towards a low carbon future through the CDP.

Our higher energy efficiency Regenerative Thermal Oxidiser in the Westhoughton site, which will reduce gas usage by an additional 30%.

Sustainable consumption

Sustainability is the ability to exist and to develop solutions that conserve resources for the future. We recognise the importance of sustainable consumption to improve resource efficiency and to work with nature. From small scale actions, such as the installation of bird feeders at our Westhoughton site, to larger scale initiatives to reduce waste to landfill across all our sites, De La Rue's targets are aligned with our ambitions to reduce our impact on nature. This is underpinned by our environmental management system, certified by ISO 14001:2015 and our strong track record on environmental compliance, evidenced by De La Rue achieving zero major environmental incidents in the past five years.

Waste management

We have responsible waste management practices throughout the Group and will always look for the most sustainable end of life treatment for our waste. We have set a target of zero waste to landfill by 2030. For FY25, we intend to map our various waste streams and evaluate the current end-of-life treatment options to identify improvements. This evaluation will help De La Rue to develop long-term targets for waste management and to identify potential waste efficiency measures in our operations.
For further detail on De La Rue's progress against our short-term and medium-term waste targets please see page 35.

Solid Waste per Good Tonne of output against FY23

-13%

Water

De La Rue has monitored and reduced water consumption throughout the past six years. Water-related risks and opportunities are assessed under the Sustainability and Climate Change principal risk, and water scarcity has been identified as the key climate-related risk for De La Rue (see page 34). We consider effective water management a priority and have achieved our short-term targets on water reduction. We are also looking to improve our score of C on the CDP Water Security questionnaire. For more information on water-related targets and progress please see page 35.

Single use plastics

We are ensuring the packaging used for our products is sustainable and aligned with our responsible consumption practices. Polymer banknotes are inherently reusable, and as described on pages 28 & 35, De La Rue is committed to reducing the plastic waste generated in our operations.

Environment continued

Taskforce on Climate-related Financial Disclosures (TCFD)

De La Rue supports the recommendations of the TCFD, which was established by the Financial Stability Board with the aim of improving the reporting of climate-related risks and opportunities. De La Rue has publicly declared support for the TCFD recommendations and has joined the TCFD Supporters Group to work with like-minded organisations, acknowledging that climate change represents a financial risk.

In meeting the requirements of Listing Rule 9.8.6.R, we have concluded that we are aligned with recommended TCFD disclosures regarding governance, strategy, risk management and metrics and targets. We acknowledge that there is an ongoing action for De La Rue to improve our alignment with the TCFD recommendations as we refine our approach on Climate Scenario Analysis (CSA), with a focus on delivering insight for our internal and external stakeholders. We aim to improve the integration of the financial impacts of climate-related risks and opportunities into future strategic reports.

Pillar	Recommended Disclosures	Compliance Status	Alignment	Reference
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	Full	Included in this report	Page 33
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Full	Included in this report	Pages 33 – 35
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Full	Included in this report	Pages 34 – 35
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Full	Included in this report	Pages 34 – 35
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Full	Included in this report	Pages 33 – 35
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Full	In this report we outline the process and framework for identifying and assessing climate-related risks, also linking out to our wider risk management framework.	Pages 33 – 35 and 56 – 57
	b) Describe the organisation's processes for managing climate-related risks.	Full	The Risk Committee reviews the mitigations and controls relating to climate risks.	Pages 56 – 57 and 60
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Full	Climate risks are managed through De La Rue's enterprise risk management framework. Risks are monitored and reported to the Audit & Risk Committees.	Pages 56 – 57 and 60
Metrics and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Full	Included in this report	Page 35
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Full	Included in this report	Page 29
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Full	Included in this report	Page 35

Governance

The Board has overall accountability for the management of all risks and opportunities, including climate change. Further detail on our ESG and Risk Management governance structure can be found on pages 25 and 57. While the Board has overall accountability for climate change-related matters, the Chief Executive Officer, Clive Vacher, was the Director responsible for our climate change agenda during the year under review.

The Board delegates specific climate change matters to the following Board committees:

- Audit Committee: oversees the monitoring and reviewing of our internal control and risk management systems including a synopsis of material risks including climate change related risks from the Risk Committee Chair. This includes reviewing the scope and results of any internal and external assurance activities obtained over the disclosures (see page 84).
- Risk Committee: oversees the identification, evaluation and monitoring of climate-related risks. This includes reviewing the mitigations and controls relating to those risks (see page 91).
- Remuneration Committee: oversees the remuneration policy and supports the alignment of De La Rue's incentive plan with our climate-related metrics and targets (see page 94).

The Board is supported by the Executive Leadership Team (ELT) and the Group Health, Safety and Sustainability Committee (GHSSC). In FY24, the ELT discussed key strategic sustainability matters in its monthly meetings with climate subject matter experts invited to discuss progress against our climate targets and agenda. The GHSSC oversees progress against key sustainability obligations and targets including compliance.

Executive remuneration for the Executive Directors and senior managers is set by the Remuneration Committee. Changes to the Annual Bonus Plan (ABP) in FY24 resulted in ESG metrics accounting for 10% of the weighting attached to the ABP. Further details can be found on pages 95 – 97.

Strategy

We have ambitious and clear near-term carbon reduction targets aligned with achieving net zero by 2050. Our three key areas of focus, carbon, energy and energy efficiency and sustainable consumption and nature solutions will ultimately support our journey to net zero. In addition, they reflect climate-related risks and opportunities identified for the business.

Climate scenario Analysis

De La Rue's risk management framework helps us to assess manage, monitor and act on risks, including Sustainability and Climate Change which is one of our principal risks. We review our climate-related risks and opportunities over medium, and long-term time horizons. We do that in line with our risk management framework and financial planning process referenced in our viability statement (pages 64 – 68). In line with our financial planning process and due to the nature of climate risks, we have considered the following time periods for our analyses – short term (within 3 years), medium term (between 3 to 10 years) and long term (greater than 10 years).

In alignment with the TCFD recommendations, we have conducted qualitative scenario analyses using two scenarios, including a well-below 2°C. In developing the scenario analysis, we considered a well-below 2°C scenario by 2100 and a 4°C by 2100 scenario to map the potential financial impacts of climate change on our business. In developing our scenario analysis, we took the two pathways and considered a range of risk and opportunity types using the TCFD framework. We used these two scenarios to model a simple and discrete narrative where a well-below 2°C would primarily model transition risks and a 4°C scenario physical risks, with no significant transition risks assumed. For FY25, we will develop more robust scenario analyses to better evaluate and quantify our risks and opportunities.

Risks were evaluated as transition (market, technology, policy and legal, reputation) and physical (acute and chronic). Opportunity types considered include resource efficiency, resilience and innovation. The scope of our assessment included our operations, our supply chain, our products, and investment in research and development. Below we have summarised our key climate-related risks and opportunities relevant to De La Rue's business and activities for both scenarios. All the risks noted below are applicable to both our divisions unless stated otherwise. These risks and opportunities were identified through group forums and discussions with De La Rue internal stakeholders and subject matter specialists. The impacts are not listed in order of significance, nor are they meant to be exhaustive. In disclosing the financial impact of risks and opportunities, any assessment is scenario based and thus should not be considered as a financial forecast.

Scenario	Temperature Rise Equivalent	Scenario Descriptions
Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) 8.5	3.5˚C – 4.5˚C	**High emissions and disorderly transition** Emissions continue to rise without intervention from current rates.
International Energy Association (IEA) Net Zero by 2050	Well-below 2˚C	**Low emissions and orderly transition** Rapid and persistent transition to a zero-carbon future.

Responsible business report continued

Environment continued

Risk

Risk	Type of Risk	Time Horizon	Financial Impact	Mitigation and Adaptation
Embedding climate action and progress into strategy	Transition – Reputation	Short term	As a listed company, De La Rue could face reputational risks related to climate change from a variety of stakeholders. As ESG and, in particular, climate action become embedded within financial disclosures, a perceived lack of action could lead to divestment from De La Rue. Certain customers may choose to limit or stop work with the Group if they perceive us as not adequately addressing climate change. This may impact revenue and brand perception. In addition, our ability to source external finance may be impacted.	With Sustainability and Climate Change as one of our principal risks, we have implemented several actions to build resilience including science-based targets. Opportunities arising from demonstrating our climate commitments include the ability to improve our brand image, attract a wider talent pool, and retain current employees.
Increased scrutiny on plastic (Currency)	Transition – Market	Medium term	There has been increased global focus on plastic and more specifically single-use plastics. A potential risk is the crossover of lobbying action against plastic into adverse comment in relation to polymer banknotes which is a core aspect of our business. This may result in a loss of orders and limited market interest which is likely to impact our revenue figures.	Polymer banknotes have been proven to have a lower carbon footprint compared to conventional paper banknotes and are also increasingly secure, making them a desirable option for our customers. Furthermore, it is rare for banknotes to be discarded extensively and as a polymer product, these banknotes have multiple recycling options. With each polymer banknote launch, De La Rue has worked with central banks and issuing authorities to develop public education programmes on the benefits of polymer banknotes. In a recent survey conducted by De La Rue, 82% of the world's polymer banknotes are recycled.
Less visibility on future trends	Transition – Market	Medium term	A rapidly changing market which responds to new climate legislation and changes in consumer behaviour may lead a move to shorter-term contracts or more stringent contractual provisions. As a result, De La Rue may find medium-term planning becomes harder as change requests may come more frequently. Decreased visibility of demand may also reduce our ability to reflect any changes in the production schedule which may lead to increased costs.	A significant proportion of our contracts or relationships are long term, enabling us to predict cost models and reduce the impact of any short-term contracts. In addition, we actively engage with our suppliers to ensure fair pricing in our contracts.
Cotton shortage driven by water scarcity (Currency)	Physical – Acute/ Chronic	Short term	De La Rue continues to promote the growth of polymer banknotes. However, conventional paper banknotes are still a significant part of the business. Cotton is the principal raw material used for paper banknotes. Extreme weather and extended droughts resulting in water scarcity are likely to have a significant effect on cotton production resulting in crop output decreases. This will increase the costs associated with purchasing cotton which is likely to affect De La Rue given the likely knock-on impact on the price of paper.	De La Rue has built relationships and engaged with multiple paper suppliers that are geographically diverse. This will help De La Rue to mitigate the impacts of any future cotton shortages.
Customer expectations for lower carbon intensive products	Transition – Market	Short term	As the world transitions to net zero, there will be increasing demand to lower the carbon intensity of products. This may lead to revenue loss as inaction could make De La Rue's products undesirable. In addition, slow action would require rapid investment which would lead to higher costs for De La Rue.	De La Rue considers the impact of our products as one of our key areas of focus. We have multiple projects aiming to reduce our product carbon footprint. In addition, our SBTi targets have increased focus on decarbonising the business and we are defining our strategy to transition into a low carbon future.

Responsible business report continued

Opportunities

Opportunity Type	Time Horizon	Description
Products and services	Medium term	Reducing the carbon footprint of our products and activities will help De La Rue transition into the zero-carbon economy. For example, the switch to polymer from paper banknotes allowed De La Rue to offer a more environmentally friendly option. Polymer banknotes have been proven to have a longer lifecycle and are able to be recycled at end-of-life. By developing our product Life Cycle Assessments we are investing in an opportunity to understand the carbon impact of our products and subsequently to lower our footprint.
Resilience	Short/Medium Term	Building resilience as we transition to the low carbon economy is vital. This is why De La Rue has submitted science-based targets to reduce our carbon footprint and lower our impact. We expect this will come with an associated cost and as such we are reviewing our trajectory and aligning it with our financial planning for FY25 and beyond.

Next steps

For the year under review, De La Rue has evaluated our climate-related risks and opportunities and has determined that our strategy is aligned with the above. We are currently unable to determine the full financial impact on the business of our sustainability strategy. However for FY25, we will look to understand further our exposure to climate-related risks and opportunities.

Risk Management

The Risk and Risk Management section on pages 56 to 63 describes our risk framework and how we identify, assess and manage all principal risks. This includes sustainability and climate-related risk as mentioned previously.

Methodology

- **Greenhouse Gas (GHG) Emissions:** see page 29
- **Energy:** total energy consumption from manufacturing sites including Gateshead and Head Office.
- **Waste to landfill:** tonnes of waste sent to landfill.
- **Water consumption:** total water consumption from manufacturing sites including Gateshead and Head Office.

Metrics and Targets

Our short- and medium-term climate metrics and targets are as follows:

Themes	Target	Performance to date
Carbon	SBTi near-term targets, Scope 1, 2 & 3 -46.1% against FY20 base year by FY30	See page 29 for details of our performance in FY24.
	Reduce Scope 1 & Scope 2 by 23% against FY20 base year by FY26	See page 29 for details of our performance in FY24.
	Suppliers accounting for 80% of total procurement spend to be invited to complete/share an EcoVadis scorecard	In FY24, we have engaged with 75% of our targeted suppliers on EcoVadis and we currently have 50% of our key supplier spend accounted for on the platform. This is the first year of reporting on this target.
Energy and energy efficiency	Reduce absolute energy use by 20% FY26 vs FY20 base year	We achieved a 27% reduction in FY24 against our FY20 base year. This was a result of dynamic changes within the business which has affected our overall energy consumption. We believe this target is still fit for purpose as operations continue to stabilise. This is the first year of reporting on this target.
	10% Group power use from onsite renewable sources by FY27	Solar panels at our Westhoughton site currently generate roughly 100,000 kWh per year. We are looking to increase our use of solar both in the UK and overseas. This is the first year of reporting on this target.
Sustainable consumption	Reduce waste to landfill by 45% by FY26 against FY23 baseline. (Zero waste to landfill by 2030)	We saw a 7% decrease in waste to landfill in FY24 against our baseline FY23 baseline year. This is our first year reporting on this target.
	Solid waste tonnes per tonne of good output -3% by FY24 against FY23 performance	We have hit our SWKPI target and will continue to monitor our waste intensity target in FY25. SWKPI is our intensity target for waste. Our performance to date is as follows: FY22: 0.24, FY23: 0.24, FY24: 0.23.
	Reduce water consumption by 4% by FY24 against FY22 baseline	We achieved this target in FY24. De La Rue first started reporting on this metric in FY23. We reported a 16% decrease in FY23 and in FY24 we has a 19% decrease in total water consumption. In FY25, we will be carrying out water audits for all our manufacturing sites and will be looking to establish a new water consumption baseline in FY25.

In FY23, De La Rue conducted a review of all our reporting performance indicators and targets to assess their suitability for the business. The targets for FY24 detailed in the table above align with our key areas of focus: carbon, energy and energy efficiency and sustainable consumption and nature. These targets are aligned with the climate-related opportunities outlined on this page, and specifically, our carbon reduction targets have been designed to build resilience as we transition to a low-carbon economy.

Our progress against our medium-term targets will be monitored in FY25, and we will also be setting new short-term targets in the upcoming financial year. Our GHG emissions including Scope 1, 2 and 3 emissions for FY23 can be found on page 29.

In FY24, De La Rue has used an internal carbon price of $50 per tonne of carbon which is primarily used to evaluate internal projects from a carbon perspective. Changes within the business and our carbon reduction targets warrant this review to inform future Group strategy. We believe the targets we have set are correct for the Group and have captured the key strategic goals including reducing the carbon and environmental impact of our products. Regarding our long-term carbon reduction target, we are aligning ourselves with achieving net zero by 2050, or before, in line with the UK Government's target. We continue to develop our pathways to achieve these goals.

Responsible business report continued

People

We are committed to creating a culture of respect and inclusivity for every individual who works within our business, prioritising their health, safety, wellbeing and fair treatment. Meaningful engagement with our employees, customers, suppliers and investors – as well as the communities in which we operate – enables us to react and respond to their needs and feedback.

Human rights

De La Rue fully supports the principles set out in the UN Declaration of Human Rights and we have effective management systems in place to protect human rights. De La Rue has been a participant in the UN Global Compact (UNGC) since 2016 and is committed to its principles which include human rights and labour issues.

De La Rue's Human Rights Policy Statement, which is published on our website, confirms our commitment to fair pay and working conditions, freedom of association and collective bargaining, the elimination of forced, compulsory and child labour, health, safety and wellbeing, our expectations of our suppliers and ways to raise concerns.

Our Code of Business Principles covers human rights issues including fairness and respect, modern slavery, employment principles, health and safety, anti-bribery and corruption and the protection of personal information. The Code also highlights that we seek to provide an environment where employees can raise any concerns via a variety of mechanisms, including a whistleblowing hotline, known as CodeLine, which is managed by an external third party, and a network of Ethics Champions across the Group so issues can be raised in confidence.

Our Supplier Code of Conduct, which was re-issued in FY24 to align it more closely to our Code of Business Principles, also defines the human rights standards that we require our suppliers to uphold within our supply chain. See page 40 for further information.

The business has remedial processes in place should there be any human rights infringements. These include claims procedures, trade union engagement procedures, and rights to immediately exit supplier relationships if human rights infringements are found within our supply chain.

Further information outlining our approach to specific human rights matters is detailed below.

Modern slavery

De La Rue directly employs around 1,600 people and provides livelihoods to thousands more indirectly. We are committed to preventing slavery and human trafficking in our operations and in our supply chain. Our modern slavery statement, available on our website, details the preventative steps we take and how we comply with the UK Modern Slavery Act 2015. Modern slavery training is mandated for relevant employees. Suppliers are obliged to abide by the United Nations Convention on the Rights of the Child and International Labour Conventions 138 and 182. Our supplier onboarding process considers modern slavery risk.

Responsible business report continued

Diversity, equity and inclusion

Our principle of *Be Heard. Be Valued. Be You* provides the framework of our DEI activities across the Group. Our Values and People Managers' Charter outline our expectations of all employees and managers and these behaviours are measured through our performance management and recognition processes. We continue to promote diversity in all respects through proactive initiatives including training, awareness and continued robust recruitment, succession and development practices. For example, we use a calibration process to ensure that talent and performance are carried out and reviewed fairly and transparently. In addition, all recruitment is managed through a central recruitment system and interview panels must always be made up of at least two people to remove discrimination from the recruitment process. We are confident that the measures we have in place will help us to continue to make De La Rue a place where differences are embraced and allow us to explore additional ways of improving our working practices.

We regularly review our policies to ensure they are written in an accessible way and we maintain global Inclusivity and Fairness and Respect policies. Our family-friendly policies will continue to be reviewed and updated and we have taken steps to ensure that we offer health and wellbeing services that support us in promoting diversity in all its forms. External benchmarking such as that done by EcoVadis helps us identify our strengths and areas for improvement.

While legislation in many countries prevents us from asking candidates for diversity data, the UK data that we collect tells us we attract a broad range of people across different diversity types including age, ethnicity and beliefs and we continue to look for opportunities to improve our recruitment and retention practices. We have also started to ask UK employees to provide us with their diversity data and pronouns on a voluntary basis.

We receive positive feedback about our internal communications activities focused on wellbeing and inclusivity. We recognise the benefits to employee wellbeing that inclusive practices can have – a place they can bring their whole self to work. We celebrate a wide range of cultural events throughout the year with the input and support of our colleagues. For example, our sites marked both International Men's Day in November 2023 and International Women's Day in March 2024 by sharing stories of men and women they are proud of.

As at 30 March 2024, the male/female gender split across the organisation was 70/30 (versus a target of an average male/female ratio of 70/30 or better by FY23) and in management the split was 67/33 (against a target of 60/40). We continue to work on initiatives to support the achievement of our gender targets.

Our employees are treated fairly and equally, irrespective of any factor including gender, transgender status, sexual orientation, religion or belief, marital status, civil partnership status, age, colour, nationality, national origin, disability or trade union affiliation.

UK gender pay gap

We publish information in line with our obligations under UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Since 2017, any UK organisation that has 250 or more employees must publish and report specific figures about their gender pay gap on an annual basis.

The gender pay gap is the difference between the average earnings of men and women relative to men's earnings.

Since we began reporting our Gender Pay Gap in 2018, we have seen a general improvement, attributed primarily to a healthy increase in the number of female appointments to our more senior roles and a continued focus on increasing the number of women in managerial positions. However, since our last Gender Pay Gap report published in 2023, De La Rue has undergone organisational changes and headcount reductions within our UK operations, and this has had the effect of a marginal widening of the gap versus last year.

In 2023, our Gender Pay Gap (based on a snapshot of data taken at 5 April 2023) sat at 7.3% (mean) and 11.7% (median). We are confident that the reasons behind this increase in the gap versus 2022 are not a worsening of the absolute position of pay between women and men and we continue to see lower gaps than those reported in the wider Manufacturing industry, 11.2% (mean) and 15.9% (median) (ONS, 2023). The full Gender Pay Gap report can be found on our website, www.delarue.com

A full breakdown of our workforce by gender can be found below:

Gender diversity statistics at 30 March 2024

	Female	%	Male	%	Total
All employees	497	30%	1,133	70%	1,630
Management[1]	84	33%	168	67%	252
Senior Managers[2]	23	48%	25	52%	48
Executive	2	33%	4	67%	6
Board	1	14%	6	86%	7

Notes:
1. All managerial employees including senior managers but excluding executives.
2. Includes executive management.

People continued

Securing trust:

Employee engagement and culture

We continue to focus on regular engagement with our employees. We share regular business updates at Group, divisional and site level and provide many opportunities for two-way communications with our employees.

Many of our sites run local employee groups to talk about what matters to them and to organise internal events. Examples of this include our Forum in our head office in Basingstoke; our Employee Involvement Group in our Debden, UK site; the ACE (Activities, Culture and Engagement) teams in Logan, USA and Dubai, UAE and the Malta site Sports & Social club.

These groups organise a variety of events often centred around health and wellbeing and social events ranging from fitness challenges to billiards tournaments and on-site gardening time to create outdoor spaces in which employees can relax.

Activities often support and benefit the local community. See Charitable and community activities section on pages 40 to 41 for more information.

During the year, Clive Whiley took over from Catherine Ashton as our Non-executive Director responsible for workforce engagement and attended an 'Employee Voice' meeting with our Sri Lanka site workforce.

Our UK National Employee Forum and European Employee Forum meet regularly with senior leaders to discuss company matters. These forums represent the views of all employees, whether covered by a collective bargaining agreement or not. All available executives and relevant subject matter experts attended the Forums' joint annual meeting in July 2023 and the UK Forum in December 2023. Information from these meetings is then cascaded through the organisation. At our December meeting, representatives received Mental Health Awareness training to help support the wellbeing of their colleagues and themselves.

We are extremely grateful to all our employees and in particular our representatives who give up their time alongside their day jobs to show their commitment to constructive engagement.

Health, safety and wellbeing

Occupational health and safety

Throughout FY24, we continued to prioritise the health and safety of our workforce. Our main manufacturing sites are certified to ISO 45001:2018, the international standard for occupational health and safety management systems, and all sites are audited by our accredited provider annually. We ensure all our health and safety processes are robust and meet our responsibility to keep our employees and everyone visiting our sites safe and secure. This is done through clearly defining responsibilities, good communication and training, risk assessment and the implementation of appropriate controls. We continue to track several key metrics regarding health and safety, including governmental reportable accidents, lost time accidents, near miss reporting and corrective actions. This takes place alongside proactive measures such as HSE training, compliance to our Safe, Secure, and Sustainable inspection programme and by providing specific health and safety training for managers and supervisors and performance against FY24 health and safety objectives.

All significant incidents are reported monthly to the Executive Leadership Team to support and agree any corrective actions required. During the year we have continued to undergo major development and changes at our Malta site, and we have had no significant incidents resulting in harm (injury or ill-health) to our employees.

Performance against FY24 health and safety objectives

Objective	Outcome
Zero lost time to accidental injuries and a lost time injury frequency rate (LTIFR) per 200,000 worked hours of ≤0.40 over 12 months.	Achieved. Our end of year LTIFR rate outcome is 0.19; globally we had three lost time accidents. Severity of these lost time accidents was reduced compared to the previous year.
Ensure that ≥80% of all operational line managers and process leaders are trained to IOSH Managing Safely level, or an equivalent or higher qualification within 12 weeks of starting a new role.	Not achieved. Due to many operational changes the percentage of managers and process leaders trained or holding certified qualifications (within 12 weeks) has averaged 72% within the last 12 months.
Increase the number of reported near miss/my safety concerns and achieve a five-day closure rate of ≥85% at all facilities.	Achieved. The near-miss closure rate has exceeded the set target, 86% on average over the full year.
Achieve a ≥90% compliance to our area Safe, Secure and Sustainable inspection programmes.	Not achieved. Compliance to this programme has again run at an average of 85% over the year due to a significant number of operational changes and various headcount reductions on some sites.
Achieve good HSE training delivery performance of over ≥1,370 8hr person days per year.	Achieved. We have achieved this HSE training target (1,402 days) without factoring in employee headcount reductions.

FY25 health and safety objectives

Objective
Zero lost time accidental injuries and to achieve a lost time injury frequency rate (LTIFR) per 200,000 worked hours >= 40% below the UK Labour Force Survey average calculated LTIFR rate.
Maintain our operational manager and supervisor IOSH Managing Safely (or equivalent or higher qualification) training at over 80% within 12 weeks of starting a new role.
Improve our near miss/my safety concern reporting to an average of at least 1.5 near misses per employee, with a five-day closure rate of ≥85% at all facilities.
Conduct a review of our Safe, Secure, and Sustainable inspection programmes with a view to achieving 90% compliance at all sites.
Ensure that at least 90% of our employees have completed HSE training, and continue to develop and roll out environmental awareness training.

Wellbeing

Wellbeing support is widely available in all our sites and we monitor and compare what we offer between sites to ensure levels of support are comparable.

In the past year, across different countries, we have provided information and support on a broad range of topics including men's and women's health, musculoskeletal health, neurodiversity and financial wellbeing.

We offer free services such as flu vaccines, health check-ups and access to GP and occupational health services as well as comprehensive Employee Assistance Programmes.

Where possible, we offer hybrid working to give employees flexibility to their working hours and location and accommodate requests for different working patterns as much as we are able to whilst meeting business requirements. Our family-friendly policies offer different types of leave for those with caring responsibilities.

In parallel, we encourage our employees to come together regularly to collaborate, support each other and spend time socially.

All our sites have accredited Mental Health First Aiders (or equivalent, where this exists) and we ensure they receive regular training and support.

Training and development

We provide all employees with access to our Learning Management System (LMS) covering an array of both mandatory and optional learning and development materials. This gives employees the opportunity to access content that aligns with their learning styles and preferences.

Employees and managers hold development conversations as part of our performance management process. We encourage all employees and their managers to create personal development plans which are recorded in our HR system to agree and capture what training is required and our in-house learning and development team can then support these requests.

We continue to deliver virtual classroom and face-to-face workshops such as storytelling and Insights.

We encourage the use of the apprenticeship levy for both continuous professional development and for building skills and capability across all sites in the UK, covering areas such as professional coaching, software development, finance, project management and IT.

We have recently launched a comprehensive training programme to support our people managers and leaders.

A summary of the key training courses that we offer to employees is shown below:

Topic	Training delivered to
Code of Business Principles	all employees
Anti-Bribery & Corruption	employees in relevant roles
Gifts & Hospitality	employees in relevant roles
Sanctions	employees in relevant roles
Modern Slavery	employees in relevant roles
Fair Competition	employees in relevant roles
Information Security Awareness	employees in relevant roles
Security Awareness	site dependent
Corporate Travel and Travel Risk Management	employees in relevant roles
Business Continuity Awareness	employees in relevant roles
Storytelling	open to all
Insights discovery	open to all
Management Fundamentals	all people managers

Working with our unions

We maintain strong and productive relationships with the unions in the countries where we have manufacturing operations and in FY24 we recognised the following unions: UNITE (UK), General Workers Union (Malta), and De La Rue Branch – Internal Company Employees Union (Sri Lanka).

Overall, around 56% of our employees globally are part of a Collective Bargaining Agreement.

During the year, some of the key areas where we worked closely with our unions were:

- Consultation in our Debden and Westhoughton sites to reduce headcount and align shift patterns to meet changing business requirements reflecting external market demand.
- Successful negotiations in relation to a revised Collective Bargaining Agreement in Sri Lanka and Malta, resulting in a two-year deal for both sites.
- Successful negotiations with UNITE securing a Pay Award for our Debden collectively bargained employees, updated Collective Bargained Agreement and Terms of Employment.
- Constructive negotiations with UNITE in relation to our Westhoughton site which concluded with an agreed two-year Pay Deal for our collectively bargained employees in Westhoughton.
- Attendance from UNITE UK and General Workers Union external officials at our annual UK National and European Employee Forum meeting in July 2023.

Raising concerns

We encourage our employees to speak up about any concerns regarding behaviours or business practices. Internal reporting via line managers, senior management, Ethics Champions or our Human Resources teams are encouraged, and our CodeLine whistleblowing service, operated by an independent third party, is available for all employees to use, and giving them the opportunity to report anonymously. Regular communications are issued regarding the importance of speaking up about ethical issues and how to do so, as well as ensuring posters are on display at sites to ensure awareness of the service is maintained. Further information about the service can be found in the Ethics Committee report on pages 92 – 93.

People continued

External stakeholder engagement

Engagement with our customers, suppliers and investors, as well as the communities in which we operate, is crucial to the success of our business. Some of the ways we interact with them are summarised below.

Investors

The Board values the importance of building strong relationships with shareholders and other investors. We have held roadshows with our investors following full and half year results where the Chairman, CEO and CFO meet significant shareholders alongside other engagement on a case by case basis. We have also held regular review meetings with members of our banking syndicate through the year.

Further detail can be found in the Section 172 statement on pages 21 – 23 and in the Corporate Governance report on pages 76 – 77.

Customers

De La Rue maintains close contacts with many of our business, government and central bank customers, frequently updating them on our latest news, developments and initiatives. Our relationships frequently go back over decades and in-person interactions are supported by digital marketing activities, such as social media, webinars, newsletters and the delarue.com website.

A multi-tiered approach is taken towards customer needs. Our advanced cash cycle analytics platform contains comprehensive data and models to help inform the strategies of currency issuing authorities. Our design workshops involve deep immersion in the cultural and functional needs of an individual cash cycle. Our scientists and designers co-collaborate with customers on specific projects. Structured surveys, such as net promoter score, and voice-of-the-customer interviews are carried out, feeding into Market Requirements Documents and product portfolio considerations. Account management and support team feedback is also regularly captured and used across the business.

This year, we have incorporated additional analysis from third party market research experts, helping to optimise further our customer service and approach to our markets.

The various interactions happen virtually, via territory visits, via visits to De La Rue sites and at a range of conferences. These include our own events, for instance webinars featuring customers sharing the impact of their brand protection solutions, and the launch of new products such as the ASSURE™ level 3 taggant for the core of SAFEGUARD® polymer substrate, along with the 'Explorer' polycarbonate biodata page with world-leading security features. In Authentication the inside sales team engages with our loyal, existing customer base on a weekly/monthly/quarterly basis as appropriate to ensure they are receiving the right support, they know who to speak to and they are aware of De La Rue's solutions. This year, we have also enhanced our due diligence systems and procedures, building a much deeper and broader understanding of our customers and supporting our relationship building with strong data.

> "We share values and conduct with De La Rue regarding good environmental, safety and governance practices; the partnership with De La Rue has contributed to making our company more resilient and diversified."
>
> **Renaud Chauffert-Yvart,** Blendpaper (banknote paper supplier)

Suppliers

We have been working in close partnership with our key suppliers, including continuing to build our portfolio of banknote paper suppliers, to mitigate and manage the impact of global supply chain challenges and inflationary headwinds associated with the global costs of labour, raw materials and freight, and supply disruptions associated with geo-political events such as disruption to global shipping routes.

We have continued with our Scope 3 analysis work, recognising this significant carbon impact, and are currently engaging with a range of our key suppliers who collectively account for 80% of our total procurement spend across the business. We have continued to progress the Ecovadis ESG rating programme; three quarters of our identified suppliers have so far been invited to participate in the assessment programme. This is enabling us to drive both improved understanding and visibility of our suppliers' ESG impacts and sustainability improvements across our supply chain.

This year, we have also enhanced our due diligence systems and procedures, building a much deeper and broader understanding of our suppliers and any exposure we may encounter doing business with them, supporting our relationship building with strong data.

Responsible business report continued

Charitable and community activities

We aim to have a positive impact on the communities in which our operations are based, often focusing on supporting charities of importance to, and chosen by our employees.

In addition to ongoing support for several educational initiatives, examples of charitable activities around our sites during the year included:

- Colleagues in our Westhoughton, UK site held fundraising activities for cancer charities including bake sales and a pool tournament whilst raising awareness of men's and women's cancers.
- The Authentication Commercial Team from our head office in Basingstoke, UK volunteered their time with the Countryside Regeneration Trust (CRT) in the South East of England, creating outdoor activity areas for young children and a bug hotel to promote wildlife.
- In our site in Debden, UK employees collected Easter eggs which were donated to a food bank and local charity Kids Inspire.
- Our Malta site employees supported a number of local charities including raising awareness and collecting donations for breast cancer.
- In Basingstoke, a group of employees took part in a running event to raise money for Basingstoke Neighbourcare, a charity which provides support for older people in the local area.

Several of our employees give their time voluntarily by serving as trustees of the De La Rue Charitable Trust, which is an independent, UK-registered charity established in 1977 to provide donations to assist in education development, skills-based learning, self-sufficiency promotion and relief from suffering in the UK and across the world. The Trust provides donations to charities by supporting employees who raise funds through a fundraising matching scheme, and by making direct donations to a range of charities, with a focus on those supporting causes in developing nations, educational charities promoting relevant skills and international understanding, disaster funds, and local charities or community projects.

See to the right images of some of the charitable activities undertaken by colleagues during the year:

1 Westhoughton event promoting men's health

2 Authentication Commercial Team volunteering day

3 Malta breast cancer awareness event

4 Viables running team supporting one of our chosen charities

Business standards

It is vital that we conduct our business with integrity, honesty and transparency. The risks of unethical conduct are recognised and managed through a robust governance and compliance structure, underpinned by our Code of Business Principles, and comprising internal policies, process and oversight and compliance assurance standards.

The Board encourages a culture of strong governance across the business. Our ethical credentials are monitored by the Ethics Committee, via formal internal and external audits, and by senior management review forums. In addition to the governance activities described earlier in this Responsible business report, further details about the activities of the Board and its Committees can be found in the Corporate Governance section of this Annual Report on pages 75.

Securing trust:

Code of Business Principles

This year, we have completed the roll-out of the new Code of Business Principles that was launched in January 2023. The Code is available in English, Maltese and Sinhala to ensure accessibility for all colleagues.

The new Code is divided into three sections: Our People, Our Business Standards and Our Information. Further details about the subject areas covered in each section are shown in the Ethical Framework graphic on page 43. The Code includes an ethical decision guide, scenarios based on each subject covered, and details on how to raise ethical concerns.

Every employee has either attended a training session in person or completed an online training module to confirm that they understand and will adhere to the Code and will speak up if they become aware of any breaches. Our people managers have been asked to complete a version of the online training which highlights their enhanced responsibilities under the Code.

If an employee is found to have acted in breach of the Code, the Group takes appropriate action to address that breach, including disciplinary action and ultimately terminating employment in the most serious cases. Contractors and all those acting on our behalf are also expected to adhere to these standards.

Responsible business report continued

De La Rue's ethical framework

Code of Business Principles	Supporting policies	Processes	Oversight, control and communication
Our people Health, safety and wellbeing Fairness and respect Human rights and modern slavery	Inclusivity Fairness and respect Modern slavery and human trafficking Stress management Human rights policy statement Group HSE sustainability policy Occupational health and safety manual	Global health and safety standards and monthly reporting ISO management systems Safe and Secure audits Grievance and disciplinary processes	Training & induction Benchmarking CodeLine ISO certifications Specialist audits BnEI accreditation Internal audit External audit Risk reviews UN Global Compact SharePoint intranet Employee surveys Ethics Committee Sanctions Board
Our business standards Environmental sustainability Bribery and corruption Gifts and hospitality Fair competition Conflicts of interest Fraud, tax evasion and money laundering Sanctions	Anti-bribery and corruption Competition and anti-trust Conflicts of interest Recruitment of Politically Exposed Persons Prevention of tax evasion Gifts and hospitality Supplier Code of Conduct Fraud Group HSE Sustainability policy and EMS manual Sanctions Expenses Charitable giving Whistleblowing	Gifts register Expenses vetting Due diligence and third party screening Third party onboarding processes Legal department guidelines Environmental reporting Global environmental standards ISO management systems	
Our information Records and reports Protecting personal information Confidential information and information security Market abuse and insider trading	Acceptable use of information systems Data protection Document retention Group baseline security manual Confidential information and dealing Operational delegation of authority Securities dealing code Social media	Compliance declarations Separation of duties External monitoring Procedures for managing confidential & inside information Controls over share dealing Data protection annual returns	

Business standards continued

Ethics champions

The Group's network of Ethics Champions ensures that each site has local support and representation for Code of Business Principles matters and continues to play an integral part in ensuring that strong ethical values are embedded across the business. All new Ethics Champions receive one-to-one training. Ethics Champions are the local points of contact for employees to discuss ethical matters in confidence. They also ensure that our Code of Business Principles and CodeLine service remain high profile in all our locations. We seek the views of our Ethics Champions when considering any changes and, where possible, they are involved with employee inductions to ensure new starters know who they can approach with questions around ethical practices.

Anti-bribery and corruption

We have a zero-tolerance policy on bribery and corruption and have a robust framework of polices and processes to prevent our employees, contractors, third party partners, consultants and other representatives from engaging in bribery or other corrupt practices. All employees are made aware of our stance through their acknowledgement of our Code of Business Principles and those in roles which may have a higher potential exposure to bribery and corruption risk are required to complete detailed mandatory online training every two years.

We have continued to operate an anti-bribery management system review board, a forum which is attended by senior managers from enabling functions and the divisions. The role of the forum is to monitor the continuing suitability, adequacy and effectiveness of the management system in light of our changing internal and external environment as it relates to bribery and corruption risk. The activities of this forum are reported to the Ethics Committee. Our external ISO37001 (Anti-Bribery & Corruption) audit conducted in March 2024 found that the Anti-Bribery Management System was greatly improved and our accreditation was reconfirmed with no non-conformances.

We have a clear approval process for gifts, entertainment and hospitality offered by or given to our employees. All employees are required to comply with the gifts and hospitality policy which requires all gifts, entertainment and hospitality above a nominal value which are given or received to be recorded on a central gift register. This register is regularly reviewed by executive management. Colleagues who have regular contact with customers and suppliers are asked to acknowledge annually their understanding of and adherence to our gifts and hospitality policy.

Third party partner sales consultants (TPPs) and suppliers

We recognise that, as well as our employees, TPPs who represent us or act on our behalf around the world could be exposed to ethical risks. There is a continuing requirement for TPPs to undergo our mandatory anti-bribery and corruption training programme and to conduct business in compliance with our expected ethical standards. Due diligence is undertaken on all our TPPs before they are engaged and this process is refreshed on a regular basis. TPPs are given regular training to ensure they remain alert to potential risks, and we encourage them to raise any ethical concerns to us either directly or via our Codeline whistleblowing service. We have robust risk management measures and controls in place, which have been enhanced this year, including controls in relation to remuneration of TPPs, structured levels of approval required to onboard or renew agreements based on their size and risk, and fees which are based on time and effort and milestone deliverables to ensure accountability and transparency. Activities are monitored through regular reporting and we ensure that the remuneration structure does not incentivise unethical behaviour.

Our Supplier Code of Conduct clearly sets out the ethical standards to which we expect our suppliers to adhere, including in relation to bribery and corruption and human rights. We have updated our Supplier Code of Conduct this year, ensuring that it is closely aligned to our Code of Business Principles, and are in the process of rolling out the updated Code to all of our suppliers to ensure that they have a clear understanding of the ethical standards that we require them to uphold.

We have continued to monitor our supplier ethical risk assessment through the year. Our supplier ethics management forum which comprises representatives from the procurement and ethics leadership teams meets bi-monthly to discuss any ongoing or emerging issues, and to ensure that any risks or issues, once flagged, are escalated and resolved to our satisfaction.

Training

Regular, relevant and focused training is important to support high standards of business behaviours. During the period, in addition to training on our new Code of Business Principles mentioned above, we continued our mandatory training programme, allocating anti bribery and corruption, competition law, modern slavery, sanctions, and gifts and hospitality training to new joiners in relevant roles. Please see page 39 for further information on our training programme. The Ethics Committee reviews compliance training completion information.

Tax transparency

It is important that the Group pays the right amount of tax at the right time, complying with all relevant tax laws and regulations in the jurisdictions in which we do business while both respecting existing arrangements or seeking to reach agreements with tax authorities. De La Rue's tax strategy is reviewed annually by the Board and published on our website.

Cyber security and data privacy

De La Rue takes the protection and security of its internal and customer information very seriously; the information security and assurance team who perform the internal governance and audit function are managed independently to the IT and Service teams to ensure there is no conflict of interest and clear segregation of duties. Further information can be found in the Risk and Risk Management report on page 60.

Following continual improvement activities, which are reviewed by external experts, De La Rue's data protection policies, procedures and documents have been enhanced to bring them in line with best practice.

Accreditations and certifications

De La Rue is an accredited member of the Banknote Ethics Initiative (BnEI), which was established to promote ethical business practice in the banknote industry. The initiative sets out a robust framework for promoting high ethical standards with a focus on the prevention of corruption and on compliance with anti-trust law. Members are required to commit to the Code of Ethical Business Practice developed in partnership with the Institute of Business Ethics. Compliance with the code is subject to an external independent audit every three years which rigorously tests anti-bribery and anti-trust processes, procedures and controls against an audit framework. De La Rue is accredited at Level 1, the highest level.

In addition to BnEI accreditation, De La Rue maintains ISO management system standards for anti-bribery (ISO 37001), occupational health and safety (ISO 45001), environmental management systems (ISO 14001), information security (ISO 27001), security printing (ISO 14298), quality management (ISO 9001) and business continuity management systems (ISO 22301). Our ISO standards are all certified by a UKAS, INTERGRAF or international equivalent certified auditing body. Further information on the auditing and scope of each standard can be found on our website.

Non-financial and sustainability information statement

This section (pages 24 to 45) provides information as required by regulation in relation to:

- Environmental matters including TCFD 27 – 35
- Our employees 37 – 39
- Social matters 36, 44,
- Human rights 36
- Bribery & corruption 44

Other related information can be found as follows:

- Our business model: 16 to 17
- Key performance indicators: 46 to 49
- Non-financial key performance indicators: 49
- Risk & risk management: 56 to 63
- Corporate governance: 74 to 79
- Ethics Committee: 92 to 93
- Directors' report: 113 to 116

Key performance indicators

We use a balance of financial and non-financial key performance indicators to *measure our performance*

Our strategic pillars

- Grow repeatable business
- Drive efficient operations
- Invest for the future

R Find out more in Remuneration on pages 94 to 112.

A reconciliation between IFRS and non-IFRS measures can be found on pages 197 to 200.

	Revenue	Adjusted operating profit
	Link to our strategic pillars / Link to remuneration (R)	Link to our strategic pillars / Link to remuneration (R)
Definition	We measure IFRS revenue from each division, less, in FY21 and before, 'pass through' revenue relating to non-novated contracts following the sales of certain historic businesses.	IFRS operating profit, less exceptional items and amortisation on acquired businesses.
Why it is important	Increasing revenue is the bedrock upon which the business is able to grow.	This key performance measure of profitability is followed closely both within the business and externally.
Performance	Currency revenue fell in FY24, impacted by the industry downturn during the period. An increase in Authentication revenue was not sufficient to make up this shortfall at Group level.	The fall in Currency revenue in FY24 flowed through into a reduction in operating profit, both at a divisional and Group level.
Historic performance		

Key performance indicators continued

	Adjusted EBITDA and free cash flow	Net debt and facilities drawn	Net debt/EBITDA covenant ratio
	Link to our strategic pillars Link to remuneration	Link to our strategic pillars Link to remuneration	Link to our strategic pillars Link to remuneration
Definition	Adjusted EBITDA is operating profit less exceptional items, depreciation and amortisation. Free cash flow is as now defined in our LTIP: operating cash flow before pension contributions and tax, plus capital expenditure, interest paid, lease payments and dividends paid to minorities. The 2023 Annual Report used a different definition of free cash flow.	Net debt is the net of borrowings and cash and cash equivalents, excluding net losses on debt modification. RCF drawn shows the gross amount outstanding on the revolving credit facility at each period end.	This is the ratio between year end net debt and adjusted EBITDA, both adjusted in accordance with the definition of the covenant within our banking agreements.
Why it is important	Adjusted EBITDA gives an indication of how much cash the Group is generating from operations. Free cash flow shows how much cash is being generated for shareholders and is a metric used in assessment of our LTIP.	Net debt is a key measure of our indebtedness, monitored both internally and externally. RCF gives a focused view of the balance on which interest is paid.	Maintenance of this ratio below a certain level, for FY24 less than 4.0, is a key covenant within our banking agreements.
Performance	Adjusted EBITDA fell by 16.0% in FY24 as the improvement in Authentication performance did not fully offset the lower Currency performance. Free cash flow was neutral over FY24 with lower EBITDA counterbalanced by focus on cash management.	Although net cash flows led to an increase in net debt in FY24, RCF drawn stabilised as we focused on applying cash balances within the Group to reducing the RCF drawn.	This ratio was maintained below covenant limits at each testing point during the year. The fall in EBITDA in FY24 was the principal driver behind the rise in this ratio at the end of FY24 compared with the prior year.
Historic performance			

Key performance indicators continued

	EBIT/net interest covenant ratio	Total shareholder return	Basic earnings per share
	Link to our strategic pillars / Link to remuneration	Link to our strategic pillars / Link to remuneration	Link to our strategic pillars / Link to remuneration
Definition	This is the ratio between adjusted EBIT and net interest payable, both adjusted in accordance with the definition of the covenant within our banking agreements.	Total shareholder return of De La Rue shares compared with that of the FTSE 250 index (excluding investment trusts). On the graph below these have been rebased to 100 on the day before the Turnaround Plan was launched in February 2020.	Adjusted basic earnings per share is calculated as the earnings attributable to equity shareholders excluding amortisation and exceptional items, divided by the average number of ordinary shares outstanding during the year.
Why it is important	Maintenance of this ratio above a certain level, for FY24 more than 1.0, is a key covenant within our banking agreements.	This is a performance measure under both the historic Performance Share Plan and the new Investor Return Plan.	This is a performance measure under the Performance Share Plan.
Performance	This ratio was maintained above covenant limits at each testing point during the year. The fall in EBIT in FY24 was compounded by the increase in interest payable due to higher average interest rates borne to reduce the ratio.	The De La Rue share price rose following publication of both full year FY23 and H1 FY24 results which detailed progress in securing lower future cash outflows to repair the pension deficit and a revised set of banking covenants with a longer facility life.	IFRS loss per share improved in FY24 as IFRS losses were not so large as in prior year. However, adjusted earnings were adversely impacted by the results of the Currency division in FY24.
Historic performance			

Key performance indicators continued

	Gender diversity in management	**Energy used per tonne of good output**
	Link to our strategic pillars Link to remuneration	Link to our strategic pillars Link to remuneration
Definition	We monitor our gender diversity among our management team, looking to reach 60/40 male/female split.	We measure our energy efficiency in terms of the energy used per tonne of good output.
Why it is important	This is a key target that we set to encourage gender diversity at a senior level within the business.	We believe this is a representative indicator of the energy efficiency of our operations. We did not set a direct target for this ratio in FY24 due to the unpredictability of the volume of output.
Performance	While we have not yet reached our target, the proportion of women in management roles remains higher than that of the overall population. We continue to focus on the progression of women across the organisation into management positions.	Energy use per tonne good output fell in FY24 by 9.1% because of energy efficiency measures, including resolving an operating inefficiency at our Westhoughton site, more than offsetting an overall lower level of activity.
Historic performance		

Financial review

Building the *business*

"We met our guidance for FY24 in challenging markets, put the balance sheet on a firmer footing and managed our cash flows carefully to limit the increase in net debt."

Dean Moore, Interim Chief Financial Officer

To provide increased clarity on the underlying performance of our business, we have reported gross profit and operating profit on an IFRS and adjusted basis, together with adjusted EBITDA and adjusted controllable operating profit (adjusted operating profit before enabling function cost allocation), for both operating divisions. Further details on non-IFRS financial measures can be found on pages 197 to 200.

100% of Group revenue for FY24 of £310.3m (FY23: £349.7m) originated from our ongoing operating divisions of Currency and Authentication.

Together, Currency and Authentication delivered adjusted operating profit of £21.0m (FY23: profit £27.8m), a fall of £6.8m (24.5%) period-on-period. This largely reflects lower revenue from the Currency division and a slight increase in operating expenses. The legacy Identity Solutions business generated an adjusted operating result of £nil in FY24 with no remaining activity (FY23: £0.1m loss).

Financial review continued

The Group saw IFRS operating profit of £5.8m, as compared with a loss of £20.3m in FY23, which saw much higher exceptional costs, including the termination of the agreement with Portals Paper, a credit loss provision on Portals loan notes and substantial restructuring expenses.

Authentication

The Authentication division leverages advanced digital software solutions and security labels to protect revenues and reputations from the impacts of illicit trade, counterfeiting, and identity theft.

	FY24 £m	FY23 £m	Change
Revenue	103.2	91.7	+12.5%
Gross profit	39.3	34.0	+15.6%
Adjusted controllable operating profit*	25.4	23.0	+10.4%
Adjusted operating profit*	14.6	14.3	+2.1%
Operating profit	12.9	5.4	+138.9%
	%	%	
Gross profit margin	38.1	37.1	+100 bps
Adjusted controllable operating profit margin*	24.6	25.1	-50 bps
Adjusted operating profit margin*	14.1	15.6	-150 bps

* Non-IFRS measure

When compared with the prior period, the most substantial increase in FY24 Authentication revenue was due to the increase in ID sales, notably the expected increase in production of data pages for the Australian passport. Within Brand, Microsoft related sales were lower than in FY23. As noted at the half year, the monthly run rate has stabilised, reflecting the continued restrained state of PC sales globally. The loss of revenue in Kenya and from HMRC in FY23, together with a stable overall performance in GRS, moderated overall sales growth.

Gross profit margin rose 100 basis points, when compared with the prior period, reflecting the mix in sales and efficient manufacturing processes. Adjusted controllable operating profits, at £25.4m (FY23: £23.0m) were up on last year in absolute terms but saw a slight fall in margin as depreciation and amortisation rose, due to further investment in software, together with staff incentives. Adjusted operating profits were marginally up on last year at £14.6m (FY23: £14.3m) with the division allocated a higher proportion of enabling function costs, as both divisional revenue was higher and Group revenue was lower than last year.

In FY23, the division was impacted by substantial exceptional costs in relation to the wind down of Kenya and the impairment of certain software development costs.

This has not repeated this year and in FY24 exceptional costs relating to Authentication amounted to just £0.7m in relation to restructuring initiatives. As a result IFRS operating profit rose 138.9% to £12.9m (FY23: £5.4m).

Currency

The Currency division designs and manufactures highly secure banknotes and banknote components that are optimised for security, manufacturability, cash cycle efficacy and public engagement.

	FY24 £m	FY23 £m	Change
Revenue	207.1	254.6	-18.7%
Gross profit	46.6	58.2	-19.9%
Adjusted controllable operating profit*	29.5	37.6	-21.5%
Adjusted operating profit*	6.4	13.6	-52.9%
Operating loss	(1.0)	(24.8)	+96.0%
	%	%	
Gross profit margin	22.5	22.9	-40 bps
Adjusted controllable operating profit margin*	14.2	14.8	-60 bps
Adjusted operating profit margin*	3.1	5.3	-220 bps

* Non-IFRS measure

Revenue for the year in the Currency division was adversely impacted by the industry downturn, falling 18.7% compared with last year to £207.1m (FY23: £254.6m). Volumes were substantially down in all areas of the business. However by right-sizing our operations and by careful management of our tenders, we were able to minimise the fall in margins at a gross profit level. In monetary value, gross profit fell 19.9% to £46.6m (FY23: £58.2m).

Careful cost control and the reallocation of the ongoing remaining costs of the Gateshead and Kenya facilities to enabling function costs at the start of FY24 resulted in adjusted controllable operating profit falling nearly proportionally to £29.5m (FY23: £37.6m).

The allocation of enabling function costs to the division fell slightly in absolute terms, given the smaller proportional contribution of divisional revenue to the Group in FY24 but, because of the lower adjusted controllable operating profit, adjusted operating profit fell 52.9% to £6.4m (FY23: £13.6m).

£7.4m (FY23: £38.4m) of exceptional costs of right-sizing the business for future operations led the division into a marginal loss of £1.0m (FY23: loss of £24.8m) on an IFRS basis. This included restructuring in the UK, together with some further costs in relation to the wind down in Kenya. In the equivalent period last year, a much larger divisional IFRS operating loss was recorded, including the termination of the agreement with Portals Paper, a credit loss provision on Portals loan notes and substantial restructuring expenses.

Identity solutions

As noted above, the legacy Identity Solutions business saw no activity in FY24 with an operating result of £nil (FY23: operating loss of £0.1m).

Financial review continued

Enabling function costs

In FY24, enabling function costs of £33.9m (FY23: £32.7m) rose by 3.7% and represented 10.9% of Group revenue (FY23: 9.4%).

The rise in enabling function costs is mostly due to the reallocation of the remaining ongoing costs of the Gateshead and Kenya facilities into enabling functions from the beginning of FY24. This allows for greater focus in the central management of these projects. Most activity at Gateshead has now ceased and we are working to relocate the remaining functions as soon as practicable. Excluding this reallocation, enabling function costs fell compared with FY23.

Exceptional items

Exceptional items during the period constituted a net charge of £14.2m (FY23: £47.1m) before tax.

Exceptional charges before tax included:

	FY24 £m	Cash £m	Non-cash £m	FY23 £m
Site relocation and restructuring costs	9.0	4.3	4.7	21.1
Costs in relation to pension payment deferment and banking refinancing	5.4	5.1	0.3	–
Credit loss provision/write back on Portals loan notes	(0.5)	(0.3)	(0.2)	8.5
Pension underpin costs	0.3	0.3	–	0.5
Termination costs related to the Portals Paper agreement	–	–	–	17.0
	14.2	9.4	4.8	47.1

£9.4m (FY23: £17.4m) of the exceptional items reported in FY24 were settled in cash in the year. An additional £9.2m was settled in cash in relation to prior year exceptional items, being £7.5m related to the termination of the Relationship Agreement with Portals Paper Limited and £1.7m related to restructuring costs. Therefore, a total of £18.6m was settled in cash in FY24 relating to exceptional items.

£9.0m (FY23: £21.1m) exceptional site relocation and restructuring costs comprised:
- £4.1m (FY23: £2.5m) charge for redundancy and legal fees, namely £2.8m within Currency, £0.8m in Authentication and £0.5m in Central enabling functions, was made in relation to restructuring initiatives to right-size the divisions for future operations.
- £4.5m (FY23: nil) of impairment charges relating to the impairment of certain assets and machinery in the Currency division, together with £0.2m of costs preparing these assets for removal.
- £0.2m (FY23: £1.1m) of restructuring charges related to the cessation of banknote production at our Gateshead facility primarily relating to the costs, net of grant income received of £0.1m, of relocating assets to different Group manufacturing locations.
- A net nil (FY23: £12.6m) in relation to the wind down of our operations in Kenya announced in January 2023. This included redundancy charges of £0.1m, offset by £0.1m of proceeds from the sale of previously impaired inventory.
- In addition, FY23 included £4.3m of asset impairments and £0.6m of charges relating to other cost out initiatives, including the initial Turnaround Plan restructuring.

Costs associated with pension payment deferment and the banking refinancing amounted to £5.4m (FY23: £nil) in the period. This included the following legal and professional advisor costs:
- £2.6m relating to amendments to the schedule of deficit repair contributions as explained in 'Pension scheme' below.
- £1.7m relating to the amendment and restatement of the terms of the revolving facility agreement on 29 June 2023, as detailed in 'Banking facilities' below.
- £1.1m relating to the extension of the revolving facility agreement on 18 December 2023, as detailed in 'Banking facilities' below.

Pension underpin costs of £0.3m (FY23: £0.5m) relate to legal fees, net of amounts recovered, incurred in the rectification of certain discrepancies identified in the Scheme's rules. The Directors do not consider this to have an impact on the UK defined benefit pension liability at the current time, but they continue to assess this.

During FY24, a net credit loss provision release of £0.5m (FY23: £8.5m charge) was reported on the loan notes held in Portals International Limited where an unexpected cash repayment of £0.3m was received during the period and a further unexpected payment of £0.2m was received after the period end.

In FY23, the Group reached a settlement to terminate a long-term supply agreement with Portals Paper Limited, incurring an exceptional cost of £17.0m, representing the agreed settlement together with associated legal costs. The final payment under the Relationship Agreement of £7.5m was made in April 2023.

Of the pre-tax net exceptional charge of £14.2m (FY23: £47.1m), £4.8m (FY23: £29.7m)relates to non-cash items, principally asset impairments, and £9.4m (FY23: £17.4m) relates to cash items.

Tax related to exceptional items amounted to a £5.2m tax credit (FY23: tax charge of £5.1m). Included within exceptional tax items are:
- £2.7m credit representing the tax relief impact of the exceptional costs detailed above, which is net of a £0.5m charge relating to the UK corporate interest restriction;
- £2.3m credit relating to the release of a provision following the expiry of an indemnity period, following the Cash Processing Solutions Limited business sale in May 2016; and
- £0.2m credit for the release of other tax provisions no longer considered necessary

Finance costs

The Group's net interest charge was £21.2m (FY23: £9.3m). This included interest income of £0.5m (FY23: £1.2m), interest expense of £19.2m (FY23: £11.6m) and retirement benefit finance expense of £2.5m (FY23: income of £1.1m).

Financial review continued

In FY24, no interest income has been recognised on the loan notes and preference shares held in Portals Paper Limited (FY23: £1.1m) as the original principal received and accrued interest was fully set off by the expected credit loss provision in the balance sheet as at 30 March 2024.

Interest expense comprised:

	FY24 £m	FY23 £m
Bank loan interest	12.3	7.2
Other, including amortisation of finance arrangement fees	3.7	3.2
Net loss on debt modification	2.7	0.7
Interest on lease liabilities	0.5	0.5
	19.2	11.6

The increase in bank loan interest paid in FY24 was largely attributable to the rises in Bank of England base rates. In FY24, these were between 4.25% and 5.25%. By comparison in FY23 these moved from 0.75% to 4.25%, with most of the increase taking place in the second half of the year.

The net loss on debt modification of £2.7m (FY23: £0.7m) relates to the changes in existing banking facilities, treated as a non-substantial modification under IFRS 9 'Financial Instruments'. The modification loss and its subsequent amortisation are non-cash items. See note 6 of the Financial Statements for further information.

The IAS 19 related finance cost, which represents the difference between the interest on pension liabilities and assets, was an expense of £2.5m (FY23: £1.1m income). The charge in the period was due to the opening IAS 19 pension valuation in being a deficit of £54.7m.

Taxation

The total tax charge in the Consolidated Income Statement for the year was £3.7m (FY23: £27.6m). This includes the impact of derecognised deferred tax asset balances totalling £12.2m (FY23: £11.9m). It also includes a £3.8m credit relating to a reduction in uncertain tax positions (FY23: £8.5m tax charge).

Included within the total tax charge was a net tax credit relating to exceptional items in the period of £5.2m (FY23: tax charge £5.1m) and a tax credit of £0.3m (FY23: tax credit £0.3m) recorded in respect of the amortisation of acquired intangibles.

The Group paid corporate income tax of £2.3m in FY24 (FY23: £1.0m).

The underlying effective tax rate for FY25 on continuing operations before exceptional items and amortisation of acquired intangibles is expected to be between 60-80%. This appears disproportionately high due to the impact of expected corporate interest restrictions in the UK and assumes no business disposals or significant changes to the net debt position.

Earnings per share

The basic weighted average number of shares for earnings per share ('EPS') purposes was 195.7m (FY23: 195.4m).

Adjusted basic loss per share was 5.3p (FY23: loss per share of 1.5p), reflecting adjusted basic loss falling from £3.0m in FY23 to a loss of £10.3m in FY24.

IFRS basic loss per share from continuing operations was 10.2p (FY23: 28.6p), given the lower net exceptional charges recorded in FY24 and reflecting a basic loss of £20.0m (FY23: loss of £55.9m).

Cash flow

The conservation and generation of cash within the business has been an area of stringent focus during the period. Net working capital improved by £5.9m (FY23: £18.3m) as we concentrated on reducing inventory levels, on careful structuring of advance payments from customers where possible and on receipt of prompt payment. We reduced our net capital expenditure outflow in Malta by seeking timely receipt of associated grant income and kept careful control over software development spend.

More detail on the movements within our cash flows for the period are set out below.

Cash flow from operating activities was a net cash inflow of £26.2m (FY23: £23.8m inflow), generated after adjusting the £15.4m loss before tax (FY23: £29.6m loss) for:

- £21.2m of net finance expense (FY23: £9.3m).
- £19.3m of depreciation and amortisation (FY23: £20.0m).
- £4.5m of asset impairment (FY23: £9.7m).
- £4.2m decrease in provisions (FY23: £0.1m increase).
- £ 1.5m of pension fund contributions related to the administrative costs of running the Scheme. In FY23 a total of £16.5m cash contributions were paid to the Scheme, which included pension deficit repair contributions. De La Rue secured a moratorium on such payments in FY24.
- £5.9m net working capital inflow (FY23: £18.3m inflow) including:
  - £7.6m decrease in inventory (FY23: £0.5m decrease);
  - £2.3m decrease in trade and other receivable and contract assets (FY23: £6.0m decrease); and
  - £4.0m decrease in trade and other payables and contract liabilities (FY23: £11.8m increase), due to the timing of supplier payments and the final payment in relation to the Portals termination agreement, paid just after the FY23 period end.
- tax payments of £2.3m (FY23: £1.0m).

Financial review continued

The cash outflow from investing activities of £7.8m (FY23: £20.8m outflow) included:
- capital expenditure on property, plant and equipment, after cash receipts from grants, of £4.1m (FY23: £11.0m), largely relating to the construction of our expanded facility in Malta.
- capital expenditure on software intangibles and development assets of £4.6m (FY23: £10.4m).
- £0.6m (FY23: £0.2m) of interest received.
- £0.3m repayment of other financial assets.

The cash outflow from financing activities was £29.0m (FY23: inflow £12.6m), included:
- £4.0m net repayment of borrowings (FY23: draw down of £27.0m),
- £14.1m (FY23: £10.3m) of interest payments,
- £5.5m (FY23: £0.9m) of payments for debt issue costs,
- £2.5m (FY23: £2.4m) of IFRS 16 lease liability payments, and
- £3.2m (FY23: £0.8m) of dividends paid to non-controlling interests, mostly due to a repatriation of cash from Sri Lanka.

The net decrease in cash and cash equivalents in the period was £10.6m (FY23: £15.6m increase).

As a result of the cash flow items referred to, Group net debt increased from £82.4m at 25 March 2023 to £89.4m at 30 March 2024.

Net debt

The analysis below provides a reconciliation between the opening and closing positions for liabilities arising from financing activities together with movements in cash and cash equivalents:

	At 25 March 2023 £m	Cash flow £m	Foreign exchange and other £m	At 30 March 2024 £m
Gross borrowings	(122.7)	4.0	–	(118.7)
Cash and cash equivalents	40.3	(10.6)	(0.4)	29.3
Net debt	(82.4)	(6.6)	(0.4)	(89.4)

Net debt is presented excluding unamortised pre-paid borrowing fees of £5.0m (FY23: £5.0m), loss on debt modification of £3.5m (FY23: £0.7m) and £11.6m (FY23: £13.3m) of lease liabilities.

Banking facilities

On 29 June 2023, the Company signed a range of documents which had the effect of amending the terms of the revolving facility agreement with its lending banks and their agents. As a result of these changes, the facilities are now secured against material assets and shares within the Group.

Under this amended agreement, the banking facilities' expiration on 1 January 2025 remained unchanged, but there were changes to:
- margins: with new interest rates introduced for net debt to EBITDA ratios over 2.5.
- changes in daily interest rates: to SONIA daily rates.

The following changes were made to the Group financial covenant limits and spread levels from 1 July 2023:
- EBIT/net interest payable more than or equal to 1.0 times, (3.0 times previously).
- Net debt/EBITDA less than or equal to 4.0 times up to and including the Q4 2024 testing point, reducing to less than or equal to 3.6 times from Q1 FY25 through to the end of the agreement (3.0 times previously).
- Minimum liquidity testing monthly, testing at each weekend point on a 4-week historical basis and 13-week forward-looking basis. The minimum liquidity was defined as "available cash and undrawn RCF greater than or equal to £25m", although this reduced to £20m if £5m or more of cash collateral was in place to fulfil guarantee or bonding requirements (new test). This was further amended in December 2023 (see below).
- additional spread rates on the leverage ratio to cover the extra levels envisaged by the relaxation of covenant limits:

Leverage (consolidated net debt to EBITDA)	Margin (% per annum)
Greater than 3.5:1	4.35
Greater than 3.0:1 and less than or equal to 3.5:1	4.15
Greater than 2.5:1 and less than or equal to 3.0:1	3.95

On 18 December 2023, the Group entered into a new agreement with its banking syndicate to extend its banking facilities to July 2025. From December 2023, the Group has bank facilities of £235m including an RCF cash drawn component of up to £160m (a reduction of £15m from the previous agreement) and bond and guarantee facilities of a maximum of £75m. The covenant tests described above continue to apply to the facilities, other than the liquidity covenant where the minimum headroom is now defined as "available cash and undrawn RCF greater than or equal to £10m", to reflect the £15m reduction in RCF. In addition, an arrangement fee is due, equal to 1% of the facility, which will reduce to 0.5% if the facility is refinanced before 30 June 2024.

Covenant test results at 30 March 2024 are as follows:

Test	Requirement	Actual at 30 March 2024
EBIT to net interest payable	More than or equal to 1.0	1.55
Net debt to EBITDA	Less than or equal to 4.0	2.78

Minimum liquidity at 30 March 2024 was in excess of the £10m limit required under the covenant tests.

Financial review continued

The Group also met its covenant and liquidity requirements at the end of June 2024.

The covenant tests use earlier accounting standards, excluding adjustments for IFRS 16. Net debt for covenants excludes unamortised pre-paid borrowing fees and the net loss on debt modification.

At 30 March 2024, the Group had Bank facilities of £235.0m (FY23: £275.0m) including an RCF cash drawn component of up to £160.0m (FY23: £175.0m) and bond and guarantee facilities of a maximum of £75.0m (FY23: £100.0m), due to mature on 1 January 2025.

The drawdowns on the RCF facility are typically rolled over on terms of between one and three months. However, as the Group has the intention and ability to continue to roll forward the drawdowns under the facility, the amount borrowed has been presented as long-term.

At 30 March 2024, the Group had a total of undrawn RCF committed borrowing facilities, all maturing in more than one year, of £42.0m (FY23: £53.0m). The amount of loans drawn on the RCF cash component was £118.0m at 30 March 2024 (FY23: £122.0m). The accrued interest in relation to cash drawdowns outstanding as at 30 March 2024 was £0.3m (FY23: £0.3m).

Guarantees of £41.8m (FY23: £52.1m) were drawn at 30 March 2024 under the guarantee facility. The bond and guarantee facilities provide guarantees or bonds to participate in tenders and function as back up to contracts where customers require a guarantee as part of their procurement process. In addition, the facilities underpin some advance payments from customers. The Group considers the provision of such bonds to be in its ordinary course of business.

Pension scheme

The Company did not pay any deficit repair contributions to the Scheme during the period to 30 March 2024. On 3 April 2023, the Company and the Trustee agreed to defer the deficit repair contribution due, payable on 5 April 2023, to 26 May 2023. Subsequently, on 25 May 2023 the Company and the Trustee agreed to defer the deficit contribution due on 26 May 2023 to 5 July 2023. In June 2023, the Company and the Trustee agreed to defer all the deficit repair contributions due to recommence from 5 July 2023 and a new Recovery Plan was then agreed between the Company and the Trustee which deferred all deficit repair contributions until July 2024. Under the Recovery Plan, the amount deferred, totalling £18.75m, would be paid to the Scheme, from FY26 to FY29.

An actuarial valuation of the Scheme was then undertaken as at 30 September 2023. This showed a Scheme deficit of £78m. As a result of this valuation, on 18 December 2023, the Company and the Scheme Trustee agreed a new schedule to fund the deficit. The funding moratorium until July 2024 as previously agreed was retained, with the only payment being £1.25m due under the June 2023 Recovery Plan. This will be followed by deficit repair contributions from the Company of £8m per annum to the end of FY27, followed by higher contributions that at no time exceed £16m per annum and which run until December 2030 or until the Scheme becomes fully funded.

The next periodic actuarial valuation will be as at the end of September 2026, with the Scheme Trustee undertaking to provide the results of this valuation by January 2027, ahead of any increase in contribution from £8m per annum.

The valuation of defined benefit pension schemes of the Group on an IAS 19 basis at 30 March 2024 is a net liability of £51.6m (FY23: net liability of £54.7m).

The charge to the adjusted operating profit in respect of the administration of the Scheme in FY24 was £1.3m (FY23: £1.6m). Under IAS 19 there was a finance charge of £2.5m (FY23: finance credit of £1.1m) arising from the difference between the interest cost on liabilities and the interest income on scheme assets.

Capital structure

At 30 March 2024, the Group had net assets of £2.6m (FY23: £22.6m restated).

In the prior period (FY23), deferred tax assets were incorrectly reported, being overstated by £12.4m. This has no impact on earlier reported periods. Neither does it have any cash impact on the Group. The prior year revision corrects the impact of incorrectly including forecast corporate interest restrictions within the forecast taxable profits used to support deferred tax asset recognition purposes. The corporate interest restrictions are considered temporary differences that are expected to originate in future periods and therefore excluded from the assessment of future taxable profits. Further information can be found in the Basis of Preparation on page 134.

The movement during the period included:

	£m
Opening net assets – 25 March 2023 – as reported	35.0
Prior period revision	(12.4)
Opening net assets – 25 March 2023 – restated	22.6
Loss for the period	(19.1)
Remeasurement loss on retirement benefit obligations	5.4
Tax related to remeasurement of net defined benefit liability	(1.3)
Foreign exchange movements	(2.2)
Movement in cash flow hedges	(1.3)
Employee share scheme charges	1.4
Share capital issued	0.3
Dividends paid to Non-Controlling interests	(3.2)
Closing net assets – 30 March 2024	2.6

Risk and risk management

How we manage our *principal risks and uncertainties*

How we manage risk

Risk management is the responsibility of the Board, supported by the Risk Committee, which comprises members of our Executive Leadership Team (ELT) and is attended by the Group Director of Security, HSE and Risk. The Risk Committee is accountable for identifying, mitigating, and managing risk. Further details about the Committee can be found on page 91. Our formal risk identification process evaluates and manages our significant risks in accordance with the requirements of the UK Corporate Governance Code. Our divisional risk registers feed into a group risk structure that identifies the risks, their potential impact and likelihood of occurrence, the key controls and management processes. We then establish how to mitigate these risks, and the investment and timescales required to reduce the risk to an acceptable level within the Board's risk appetite.

The Risk Committee meets four times a year to review risk management and monitor the status of key risks as well as the actions we have taken to address these at both Group and functional level. It also examines possible emerging risks by considering both internal and external indicators and challenges, together with whether it has identified the principal risks that could impact the business in the context of the environment in which we operate.

The Board receives regular updates on risk management and material changes to risk, while the Audit Committee also reviews the Group's risk report.

Management is responsible for implementing and maintaining controls, which have been designed to manage rather than eliminate risk. These controls can only provide reasonable, but not absolute, assurance against material misstatement or loss. See page 90 for further information regarding internal controls.

Principal risks and uncertainties

The following pages set out the principal risks and uncertainties that we believe could crystallise over the next three years. The Board has undertaken a robust risk assessment to identify these risks, which are referred to as principal risks to the business. There may be other risks that we currently believe to be less material. These could become material, either individually or simultaneously, and significantly affect our business and financial results. Our ongoing risk review mechanisms will seek to identify and escalate any such risks. We have modelled potential scenarios of these risks crystallising to support the disclosures in the Viability Statement and assess the Group's risk capacity. See page 68 for further details.

Due to the nature of risk, the mitigating factors stated cannot be viewed as assurance that the actions taken or planned will be wholly effective.

Risk appetite

The Board has reviewed our principal risks and considered whether they reflect an acceptable level of risk. Where this is not the case, the Board has also considered what further investment is being made to reduce the likelihood and potential impact of the risk. The Board either approves the level of risk being taken or requires management to reduce the risk exposure.

For core areas of the business, the Board uses several methods to ensure that management operates within an accepted risk appetite. These include delegated authority levels, the approval of specific policies and procedures and the approval of the annual insurance programme. The Board receives regular feedback on the degree to which management is operating within acceptable risk tolerances.

This feedback includes regular operational and financial management reports, internal audit reports, external audit reporting and any reports to the whistleblowing hotline. All members of the ELT have individual or joint ownership of one or more of the principal risks. Management of those risks' forms part of their personal objectives.

Risk and risk management continued

De La Rue's risk management framework

Board of Directors and Company Secretary

Audit Committee

- Reviews the effectiveness of internal controls
- Approves the annual internal and external audit plans
- Reviews findings from selected assurance providers

Ethics Committee

- Reviews ethical risks, policies and standards

Risk Committee

- Reviews and proposes the business risk profile
- Monitors the management of key risks
- Tracks implementation of actions to mitigate risks
- Examines and considers emerging risks that could impact the business

Sanctions Board

- Responsible for ensuring internal control procedures are in place to mitigate the risk of breaching applicable trade sanctions and embargoes

Executive Leadership Team (ELT)

- Accountable for the design and implementation of the risk management process and the operation of the control environment

Group Health, Safety and Sustainability (Global HSS) Committee

- Sets Health, Safety and Sustainability standards
- Agrees and monitors implementation of HSE strategy
- Monitors Health, Safety and Sustainability performance

Group policies

- Policies for highlighting and managing risks
- Procedures and internal controls

Functional management

- Ensures that risk management is embedded into business culture, practice, and operations

Risk and risk management continued

Our strategic pillars
Grow repeatable business
Invest for the future
Drive efficient operations

Change in risk levels in FY24 (last 12 months)
Increased
Decreased
Static
New risk

How we manage principal risks

Risk	Internal controls	External assurance	Oversight forum	Change
Bribery and corruption The pressure to meet sales targets, on either a third party or an employee, could increase the risk of the payment of a bribe on behalf of De La Rue or anti-competitive behaviour, leading to damage to our reputation from a successful prosecution, financial loss and disbarment from tenders and substantial fines. Link to our strategic pillars	– Whistleblowing policy and associated procedures are integral aspects of the compliance framework, which is complemented by a whistleblowing hotline. – Mandatory training on anti-bribery and corruption, and competition law. – Our rigorous process for the appointment, management, and remuneration of third party partners (TPPs), operating independently from the sales function, which was enhanced in FY24. – We have a focus on raising awareness through local Ethics Champions.	– We have Level 1 accreditation to the Banknote Ethics Initiative (BnEI), which provides governments and central banks assurance regarding our ethical standards and business practices. – We maintain certification to ISO 37001, the anti-bribery management system, which assists the organisation to prevent, detect and address bribery attempts. – External scrutiny of TPP fee structure.	Audit Committee Risk Committee Ethics Committee	Decreased
Quality management and delivery failure A failure in our Quality Management System, including specification, controls, and enforcement issues, could lead to a major customer quality incident, resulting in late delivery penalty clauses and increased costs. Link to our strategic pillars	– Implementing a product quality strategy to reduce instances and costs of quality incidents. – Operational management boards monitoring KPIs. – Design approval process. – Regular reviews and audits of critical suppliers to ensure standardisation. – Central quality team inspect and test regime for all processes and features. – Service monitoring tools in place to manage performance and response times to remain within service level agreements. – 24/7 support and IT coverage to minimise downtimes. – In process inspection systems validating key areas.	– All sites are certified to ISO 9001, quality management system. – Inclusion within regular customer audits.	Divisional business reviews Business Process Review (BPR) updates Risk Committee	Decreased

Risk and risk management continued

Our strategic pillars
Grow repeatable business
Invest for the future
Drive efficient operations

Change in risk levels in FY24 (last 12 months)
Increased
Decreased
Static
New risk

How we manage principal risks continued

Risk	Internal controls	External assurance	Oversight forum	Change
Macroeconomic and geo-political environment As a manufacturing business operating worldwide, the Group is exposed to the challenges of the prevailing macroeconomic environment, inflationary pressures, supply chain headwinds and stress to sales pipelines which could impact its operations and ability to financially forecast accurately. The Group also maintains both Authentication and Currency operations in territories that are exposed to economic and/or political instability. This type of instability, which includes the uncertainties of regime change, creates risks both for our manufacturing footprint and locally based direct sales operations. Link to our strategic pillars	– A robust prioritisation process with regular reviews of programmes and projects. – A robust incident management framework, including annual exercising. – Procurement conducting single and sole source supplier reviews as well as risk assessments on financial and operational risks from suppliers. – Regular reviews of the anticipated impacts of pricing pressures in the supply chain fed into the established Business Process Review (BPR) and budget review processes. – Maintain strong employee relations in all locations. – A comprehensive travel management programme. – A comprehensive insurance programme. – Consideration of contracts being designated in GBP or hard currency, if possible, subject to local regulations. – Regular monitoring of financing and fiscal matters, seeking early advice, diversification, longer-term funding, and hedging, if facilities are available. – ELT functional review meetings.	– Third party risk management alerting (hotspots/regions of concern) and risk reporting. – External auditing of risk and resilience.	Divisional business reviews Business Process Review updates Risk Committee	—
Loss of key site or process The loss of a key site or process, due to external threats or internal system failures, could lead to reduced operational capacity and result in disruption to customer service delivery, brand damage and increased costs. Link to our strategic pillars	– We invest in capacity, equipment and facilities, multiple sources of supply to drive down single points of failure. – We hold business continuity planning (BCP) stock for critical activities. – Monthly KPIs monitor BCP preparedness. – Internal audit of all manufacturing sites, including BCP preparedness. – Supplier strategy and sourcing reviews. – Business continuity coordinators at all sites, supported by a central coordinator.	– Under a central certification we are certified at Head Office and all production and storage sites to ISO 22301:2019 standards, ensuring a robust business continuity management system throughout the Group. – Inclusion within regular customer audits. – The appropriate levels of business interruption insurance are in place to satisfy the needs of the business.	Group integrated security and business continuity steering committee Risk Committee Audit Committee	—

Risk and risk management continued

Our strategic pillars
Grow repeatable business
Invest for the future
Drive efficient operations

Change in risk levels in FY24 (last 12 months)
Increased
Decreased
Static
New risk

How we manage principal risks continued

Risk	Internal controls	External assurance	Oversight forum	Change
Sustainability and climate change Climate change is recognised as a significant global and business risk. Governments, the financial community, and businesses (including our own and our customers) see the current decade 2020-2030 as a call to action, with major new commitments to achieving net zero emissions by 2050. Link to our strategic pillars	– De La Rue is committed to be carbon neutral for our own operations by 2030 via utilising a phased carbon offset programme for Scope 1 and Scope 2 emissions within our control. – Our own internal audit programme verifies the Group environmental management system and assures good practices. – We are tracking our annual progress against our approved Science Based Targets (SBTi). We have subscribed to EcoVadis, a global sustainability rating system for suppliers and are targeting our key suppliers accounting for 80% of procurement spend. – We concluded our Transform Sustainability Programme in 2023 and will launch our Climate Change Programme in 2024 for oversight of our progress. – We have mandated environment and sustainability awareness training at all sites.	– All our manufacturing sites are certified to ISO 14001 standard which helps the organisation reduce its environmental impact. – We participate in the CDP and have submitted data for the past 11 years, enabling us to review and reduce our carbon impact. – Our alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) including climate scenario analysis is described within the Responsible Business section, pages 24 to 25. – We have structured Science Based Targets (SBTi) in support of keeping global temperature increases below the 1.5°C limit.	Global Health, Safety and Sustainability Committee (GHSS) Monthly ELT updates Risk Committee	Static
Breach of information security A breakdown in the control environment: – Including collusion or non-compliance (excluding external attack) could lead to a breach of data. – Resulting in an external attack (including malware, ransomware and/or hacking). Either of which could lead to a cyber security breach/incident impacting the confidentiality, integrity and/or availability of customer and/or other critical data. Link to our strategic pillars	– We have implemented control measures around customer, company, and employee data, demonstrating a clear approach to identify and mitigate information security risks. – On an annual basis we conduct internal audits of our customer and ISO standards to an agreed plan. Any findings are risk assessed and remediation activities agreed and tracked. – Data classification policy and handling process with monitoring of classification changes and email traffic. – We have cyber awareness training at all levels of the business. – Group policies support and enable our integrated security management system. – IT technical controls include security incident and event management software (SIEM), event logging and management, managed by an in-house security operations centre (SOC). Ensuring information security is designed in from the ground up for all deployed hardware and software, including the use of multi-factor authentication (MFA) where appropriate. – Due diligence performed on software and suppliers. – Contractually bound data protection provisions with third parties handling personal data.	– Under a central certification we are certified across the Group to ISO 27001 standards, ensuring we manage information security under a robust framework. – The appropriate levels of professional indemnity and cyber insurance are in place to satisfy contractual and business requirements, including internal and external incident response support. – External compliance audits are conducted on a regular basis, including benchmarking to international standards. – We have instigated a programme of both internal and external penetration and vulnerability testing on corporate and customer facing systems. – Regular customer compliance and governance audits.	Group integrated security and business continuity steering committee Monthly ELT updates Risk Committee Audit Committee	Static

Risk and risk management continued

Our strategic pillars
Grow repeatable business
Invest for the future
Drive efficient operations

Change in risk levels in FY24 (last 12 months)
Increased
Decreased
Static
New risk

How we manage principal risks continued

Risk	Internal controls	External assurance	Oversight forum	Change
Supply chain failure The failure of a key supplier to deliver the products or services that we need on time or to specification, through either a supply failure or a business failure, could lead to disruption to our operations and associated costs, an inability to fulfil customer contractual requirements, resulting in penalties and forfeit of performance bonds, loss of customer contracts and reputational damage. The ethical failure of a key supplier, such as a failure to adhere to our requirements on Modern Slavery or Bribery and Corruption in our supply chain, could lead to major reputational and financial damage and potentially prosecution, and a failure to control and limit price inflation in our supply chain could lead to significant erosion of our profitability. Link to our strategic pillars	– Key supplier risk assessments reviewing the risk of supply failure, credit risk, price increases and ethical failure. – Prioritised, supplier-specific action plans for key risks with monthly reporting on progress to ELT. – Supplier vetting platform to risk assess all key and new suppliers, engaging SMEs to review standards across ethics, quality, information and product security and environmental management. – Regular reviews of the risk assessment to ensure that it remains up to date with latest available data. – Ensure that all key strategic supplier contracts are fit for purpose. – Deepened Supplier Relationship Management programme, with direct and regular engagement at executive level with all key suppliers, to provide early warning of issues and ensure that De La Rue's needs are prioritised by our key suppliers. – Utilise and fully deploy spend analytics tool to increase visibility of the full supply base and drive integrated data-driven action planning.	– We are externally audited for ISO 14298 (Security Print), ISO 22301 (Business Continuity) and PwC on procurement and supply chain controls. – Supplier Quality Audit programme.	Monthly divisional and ELT updates	Decreased
Breach of security – product security A breakdown in the control environment, including collusion, non-compliance, or an external attack, could lead to a security breach resulting in the loss of client-sensitive product and significant damage to De La Rue's reputation. Link to our strategic pillars	– Monthly security KPIs monitor and maintain the holistic security environment. – We ensure that all shipment routes and transit plans are appropriately risk assessed and have appropriate mitigations in place, by air, sea, or road. – Dedicated security professionals at all sites, supported by a central function. – Layered auditing at all sites, enhancing security behaviours and culture. – Materials control to ensure product security verification and reconciliation.	– All manufacturing sites certified to ISO 14298 and INTERGRAF 14298 and/or 15374, which ensures an aligned security print management system across the Group. – We are subject to regular regulatory and customer compliance audits.	Group integrated security and business continuity steering committee Risk Committee	Decreased

Risk and risk management continued

Our strategic pillars
- Grow repeatable business
- Invest for the future
- Drive efficient operations

Change in risk levels in FY24 (last 12 months)
- Increased
- Decreased
- Static
- New risk

How we manage principal risks continued

Risk	Internal controls	External assurance	Oversight forum	Change
Sanctions Entering a contract or other commitment with a customer, supplier or partner which is subject to a sanction or trade embargo could lead De La Rue to be in breach of sanctions. Breach could result in imprisonment and substantial fines for individuals, the leadership team (including the Board) and De La Rue. In addition, it may lead to a withdrawal of our banking facilities, as well as disbarment from future tenders. De La Rue may be unable to effect payments or to be paid by customers due to compliance matters when operating in higher risk and sanctioned territories. Additionally banking partners may not be willing to support bonds or guarantees for some countries. Link to our strategic pillars	– A robust request for approval (RFA) process ensures commercial bid teams to consider risk. – As a responsible business, we actively and continuously monitor and conduct due diligence on all of our customers, suppliers, and partners. – We conduct regular Internal audits of our sanctions compliance programme. – We mandate sanctions training to raise awareness of risks and to clarify escalation routes for concerns. – Sanctions impact reviewed on a case-by-case basis against a known list of sanctioned territories and potential customers.	– We ensure both internal and external audit of sanctions compliance programme.	Sanctions Board Audit Committee Board briefings	Static
Loss of key talent Due to historic negative media coverage, there is a risk that there may be a reduced ability to attract and retain key talent with skills and knowledge required for the business going forward. This is likely to impact the organisational ability to deal with the current level of change, and our employees' bandwidth to manage the workload. Link to our strategic pillars	– Remuneration structure designed to support retention. – Organisational talent process and succession planning to provide early identification of single points of failure and capability gaps. – Set clear objectives for the coming financial year that people can align around. – Train Senior Leaders and Managers on expectations and how to deliver against these.	– Benchmarking to known best practice. – External auditing of people risk.	HR Leadership Team reviews Talent Board reviews annually Risk Committee	Decreased

Risk and risk management continued

Our strategic pillars
Grow repeatable business
Invest for the future
Drive efficient operations

Change in risk levels in FY24 (last 12 months)
Increased
Decreased
Static
New risk

How we manage principal risks continued

Risk	Internal controls	External assurance	Oversight forum	Change
Banking facilities The Group maintains banking facilities that provide liquidity to ensure the Group has sufficient funding for all its needs, bonding to support existing contracts and new contracts where bonding is required and ancillary lines for financial risk management. The funding and bonding facilities will mature on 1 July 2025. The Group will be seeking to extend or replace these facilities with longer maturities; however the credit markets remain challenging with a difficult competitive landscape and global economic environment. The ability to access bonding services is increasingly complex given the regions we operate in. The Group seeks to hedge foreign exchange exposures and there is a risk that without adequate facilities then the Group may need to either operate with less hedging or consider unrated counterparties for foreign exchange contracts. Link to our strategic pillars	– Manage and develop relationships with existing and new banks to continue to support the business in its liquidity, bonding, and ancillary needs. – Regular dialogue with ELT, banking partners and other stakeholders. – Active monitoring of the available limits and proactive management for both cash and borrowings as well as guarantees to make best use of capacity. – Continue to seek additional counterparties for foreign exchange (two new counterparties and hedging facilities put in place). – Compliance with financial covenants.	– External auditing by EY.	Functional risk reviews ELT reviews Risk Committee Audit Committee Board briefings	Increased
Currency sales pipeline Currency sales globally have seen a recent historic low, post-pandemic. There remains a concern that unless the lost revenue and profit from the division can be recovered by sales or other business development in the short to medium term, then long-term financial forecasts for the Group will be inaccurate and significantly under market expectations. This includes banknote production, security features and polymer sales opportunities. Link to our strategic pillars	– Enhanced governance and monitoring of sales pipeline. – Enhanced focus on Sales activity – time in territory, customer engagement, number of visits, etc. – Executive Sales & Operational Planning (S&OP) framework provides overview of must wins and critical close dates. – Business Process Review (BPR) held weekly to discuss tactical progress on pipeline targets. – Enhanced account close plans in place and monitored monthly by senior team including detailed reviews with CEO/ELT.	N/A	Business Process Review (BPR) Currency and Executive Leadership Team reviews	New risk

Viability statement and going concern assessment

Viability statement and *going concern assessment*

Going concern

Overview

In line with IAS 1 "Presentation of financial statements", and the FRC guidance on "risk management, internal control and related financial and business reporting", when assessing the Group's ability and the Company's ability to continue as a going concern, the Directors have taken into account all available information for a period up to 28 September 2025, being the going concern period.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 1 to 10 of the Strategic Report. In addition, pages 56 to 63 include the Group's objectives, policies and processes for financial risk management, details of its financial instruments and hedging activities and its exposure to credit risk, liquidity risk and commodity pricing risk. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on page 53 of the Strategic Report.

As explained further below, the Board has determined that the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

The Group's Revolving Credit Facility (RCF) expires on 1 July 2025. The cash flow forecasts for the Group indicate that it would not have sufficient liquidity to meet the obligation to repay the RCF in full on or before 1 July 2025. Management has been pursuing various strategic options, which would allow the Group to repay the RCF on or before 1 July 2025. The most progressed of those is the sale of the Authentication division. The Board notes that the probability of completion, timing and terms of the sale of the division are subject to factors outside of the Board's control, which may in turn impact the cash proceeds, the costs associated with the transaction and the amounts required to address any pension scheme risk, along with the day one liquidity of the retained operations of the Group. These matters represent a material uncertainty which may cast significant doubt upon the Group's ability and the Company's ability to continue as a going concern for a period up to 28 September 2025.

Strategic review

As detailed in the trading update released on 30 May 2024, the Directors have been undertaking a review of the core strategic strengths of the Group and how best to optimise the underlying intrinsic value of the business for the benefit of all stakeholders.

This review and analysis has included:
- recognising the improved order intake over the last year, and the future prospects for the Group's operating divisions and the Group as a whole;
- the accretive value creation that may be achieved with increased scale and capabilities in both of the operating divisions; and
- the Director's commitment to reduce leverage and create greater financial flexibility in the funding structure of the Group as a whole.

This review, and associated learnings, has guided the Board in its process to evaluate strategic options for the group and each division. As a result, the Board is in discussions with a number of parties who have made proposals in relation to, or expressed interest in, the acquisition of each of the Group's divisions.

Viability statement and going concern assessment continued

Since the release of the trading update on 30 May 2024, the discussions with the interested parties have progressed in line with the Board's expectations. The Board is satisfied that, if the discussions relating to the Group's Authentication division conclude in a sale of that division on the terms currently under discussion, (and notwithstanding the material uncertainty as detailed above), there would be adequate proceeds from the transaction to fully repay the RCF, satisfy future bonding requirements, mitigate any risks to the De La Rue UK defined benefits pension scheme, and continue to operate the retained business as a going concern.

Expiration of the RCF

Under the amended facility agreement, signed on 18 December 2023, the Group has access to a RCF of £235m that expires on 1 July 2025, which is within the going concern period.

Over the last year, the Board has been in ongoing dialogue with the banking syndicate providing the RCF. This dialogue has been constructive and the lenders are supportive of the Board pursuing the strategic options summarised above.

The Directors are confident that further progression of the sale of Authentication will ultimately allow for the full repayment of the RCF prior to its expiration in July 2025. As a result, both the Group and its banking syndicate have agreed not to further extend the RCF beyond its current expiry date at this point in time.

Covenants testing

The RCF allows the drawing down of cash up to the level of £160m and the use of bonds and guarantees up to the level of £75m.

The continued access to these borrowing facilities is subject to quarterly covenant tests which look back over a rolling 12-month period. In addition, there is minimum liquidity testing at each week-end point on a four-week historical basis and 13-week forward looking basis. The Group was in full compliance with its covenants throughout FY24.

During FY24 the covenant terms were:

- EBIT/net interest payable more than or equal to 1.0 times
- Net debt/EBITDA less than or equal to 4.0 times until the Q4 2024 testing point, reducing to less than or equal to 3.6 times from Q1 FY25 through to the end of the going concern period.
- Minimum liquidity testing at each week-end point on a four-week historical basis and 13-week forward looking basis. Minimum liquidity is defined as 'available cash and undrawn RCF greater than or equal to £10m'.
- The spread rates on the leverage ratio remain at the following levels:

Leverage (consolidated net debt to EBITDA)	Margin (% per annum)
Greater than 3.5:1	4.35
Greater than 3.0:1 and less than or equal to 3.5:1	4.15
Greater than 2.5:1 and less than or equal to 3.0:1	3.95

In order to determine the appropriate basis of preparation for the financial statements for the period ended 30 March 2024, the Directors must consider whether the Group can continue in operational existence for the going concern review period to 28 September 2025, taking into account the above liquidity headroom and covenant tests.

The terms of the facility agreement also include consideration of future options for the Group and provision of non-financial deliverables. These requirements have been monitored throughout the year and have continued to be achieved to the satisfaction of all parties.

Testing assumptions

The Group has prepared profit and cash flow forecasts which cover a period up to 28 September 2025 (Q2 FY26), being the going concern period. This includes the following quarters: Q2, Q3 and Q4 FY25 and Q1, Q2 FY26 as well as monthly liquidity testing points over the period.

The Directors consider that a period of at least 14 months to 28 September 2025 is an appropriate going concern period given this is the first quarterly covenant test which is greater than 12 months from the opinion date. While the current RCF is due to expire before this date, the Directors are confident that the further progression of the sale of Authentication will provide sufficient liquidity within the going concern period (notwithstanding the material uncertainty as described above).

Viability statement and going concern assessment continued

Base case assumptions

The base case forecasts over the going concern period have been developed taking into consideration the timing of the Currency recovery that has been materialising in the marketplace with order book growth and bid activity showing positive signs of a market rebound. In addition, renewals of key Authentication contracts, combined with the annualization of contracts already won and starting to produce in the current financial year, aid confidence in the strategic growth forecasted for that division through the going concern period up to 28 September 2025.

The already enacted and largely completed footprint and restructuring projects have right-sized the business for current demand levels. Any ramp up required over the going concern period will be carefully managed in line with pipeline capacity requirements and orders to avoid significant negative fluctuations against base plans.

FY25 results to date indicate the Group is substantially on-track to deliver the FY25 budget from an EBIT and EBITDA perspective, with key order book wins secured to deliver the in-year plan.

In Currency, the Group is seeing clear evidence of the expected market recovery. While the overall market remains unpredictable, our conversion rate of bids to orders since the beginning of this financial year supports the base strategic plan numbers. At March 2024, the total order book stood at £239m (25 March 2023: £137m).

The timing of tenders has been such that several significant orders have been closed recently, which further supports the base case modelling within the going concern period.

The Group's base case modelling (excluding the repayment of the RCF on or before 1 July 2025) shows headroom on all covenant thresholds across the going concern period.

Non-financial milestones

Over the going concern period, there are a number of non-financial milestones such as the provision of monthly short-term cash flow (STCF) submissions and monthly progress updates.

Management have proactively implemented a bi-monthly 13-week cash flow process with the outturn of this and monthly monitoring reports shared with the relevant stakeholders in line with the amended terms from June 2023. The Directors are confident that all of the non-financial conditions and monthly monitoring will continue to be met over the going concern period.

Downside modelling

Our downside modelling has incorporated the Directors' assessment of events that could occur in a 'severe yet plausible downside' scenario. The risks modelled are directly linked to the Risk Committee 'principal risks' described on page 56 of this Annual Report and the Directors note there are no new matters which present additional principal risks. The most significant material risks modelled were as follows:

Risk 3 Macroeconomic and geo-political risk

- Authentication new wins and implementations are not achieved in the timescales modelled in the base case.
- Cost inflation in the base case is assumed to be 4.5% in the UK, 1.5% in Malta and 10% in Sri Lanka, with no corresponding revenue inflation assumption. Inflationary impacts have already been considered in the FY25 budget, with the Group having sufficient sight of selling prices and costs that no additional inflationary downside is necessary for FY25 and no element of recovery on selling prices has been incorporated into any modelling in FY26.
- Supply chain risks are monitored regularly by the Group. Fixed price contracts are in place for utilities until September 2024 (i.e. the end of Q2 FY25) and latest utility estimates had also been reviewed from external brokers which confirmed base utility costs are reducing. No reduction was factored into the base case and with overall inflation pressures already considered above, the downside risk modelled is appropriate.

Risk 10 Banking facilities

- The Group will be paying an interest rate on its facilities of approximately 9% based on the current SONIA rate of 5.25% and the applicable margin. The base case modelling is aligned with the latest forward interest rate curves that indicate a significant reduction in interest rates over the going concern period. The bonding pipeline was also considered and a £5m cash collateral expectation has been factored into the base case from July 2024 to support the strong bid activity around the Group. Under the base case, interest would need to increase by circa £9.7m at the lowest point for a breach to occur in Q2 FY26. Given the forward interest rate curves are suggesting a reduction in interest rates, management have assessed this risk as remote.

Risk 11 Kenya taxation and exit strategy

- Cash outflow assumed over and above the base case, which includes acceleration of amounts to finalise in-country settlements.

Viability statement and going concern assessment continued

Risk 13 Currency pipeline

- Volumes and budget margins are not achieved as forecasted in the going concern period, including revenue contracts not landing and volume reductions against base plan. For FY25, this represents a margin reduction of £6.7m (34%) of our unsecured order book margin as of June 2024. For currency pipeline downside risks modelled, margins have been determined using the average margin and/or known unsecured jobs targeted.

As a result of the liquidity testing requirement, the Directors also considered historical monthly working capital swings over the last three years. This analysis also included assessing periods where management's conclusion was that "material uncertainty" existed, specifically between November 2022 and June 2023. Management also analysed weekly cash outflow averages to ensure that adequate considerations have been made to capture 'in quarter' working capital swings that the Group can see given the volatility of working capital in the Currency business in particular. A £15m working capital outflow, excluding non-recurring items, was incorporated on top of the modelled plausible severe downside to apply monthly to liquidity testing. Sufficient liquidity headroom remained.

The Directors noted that working capital and cash management have improved in the business over the course of FY24, resulting in a circa £10m improvement in net debt achieved vs initial FY24 budgeted expectations. The base case and working capital stress modelling have not been updated to reflect these improvements, which means there are additional mitigations with regards to net debt and liquidity that the Company has at its disposal for quarterly testing dates should they be required.

If all of these modelled downside risks were to materialise in the going concern period, the Group would still meet its required covenant ratios and maintain sufficient liquidity, after taking into account mitigating actions, such as identified cost saving opportunities which the Directors consider to be within the Group's control, for example the deferral of uncommitted operating expenditure and a reduction in capital expenditure.

The Group's 'severe yet plausible' downside modelling (excluding the repayment of the RCF on or before 1 July 2025) shows headroom on all covenant and liquidity thresholds across the going concern period.

Stress-testing

Under the severe yet plausible downside modelling, EBIT and EBITDA would need to drop in excess of the Group's historic forecasting inaccuracy over the last few years for any breach to occur. On liquidity this would need to drop in excess of what the Group has experienced over the last three years on recurring cash flow swings. This is taking into account mitigating actions within the Board's control, including the timing of supplier payments and capital expenditure.

The Directors have concluded that a breach is remote on the financial covenants given:

- FY25 results to date indicate the Group is materially on-track to deliver the FY25 budget from an EBIT and EBITDA perspective.
- Management considers that, given the longer-term and consistent nature and renewals of its Authentication contracts, the key revenue and the corresponding EBIT/EBITDA risk is mainly in regard to the Currency division whereby the timing of contract wins and delivery of the current order book in line with the strategy has historically impacted performance against forecasts in previous periods. The Currency order book is showing encouraging signs of recovery, with an order book increase supported by a continued trend in win rates and the multi-year nature of the order book. For FY25, 68% of budgeted revenue had already been secured by June 2024.
- Severe stress testing of liquidity excluded mitigating actions, as noted above, that management could employ and still showed headroom under stress. The Directors consider the liquidity risk to be low given the current trading performance and order book profile.
- Additionally, the Group is currently paying an interest rate on its facilities of approximately 9% based on the current SONIA rate of over 5% and the applicable margin. As previously noted, the increase in underlying SONIA rate required to breach covenants is deemed to be remote by the Directors.
- The Directors are comfortable that any non-financial conditions and reporting requirements have been achieved and will be throughout the going concern period.

Additional modelling

In addition to the above, management have performed modelling that assumes the theoretical sale of the Authentication division. This modelling took into account the expected use of funds, which includes full repayment of the RCF, mitigation of any risk to the De La Rue UK defined benefit pension scheme and expected transaction costs. This modelling indicated sufficient cash liquidity, including the expected use of funds, between the theoretical completion date and the end of the going concern period, taking into account the required liquidity of the remaining Group through to 28 September 2025, with the Group benefitting from reduced interest costs in particular.

Viability statement and going concern assessment continued

However, management acknowledge that the probability and timing of completion and final agreed terms of any such transaction are subject to factors outside of the Board's control, which could lead to a scenario whereby the Group and Company would have to seek alternative financing to repay the RCF on or before 1 July 2025, or obtain an extension to the RCF from the lenders. Both of these options are outside of the Board's control.

Furthermore, even in the event that the transaction is completed prior to 1 July 2025 and the RCF is repaid, the amount that will be retained by Group is subject to factors outside of the Board's control, having taken into account the Group's cash position on disposal, the final sale price, transaction costs and any cash outflows addressing the pension risk.

Conclusion

Based on the above, the Board has concluded the following:

1. Both the base case modelling and the severe yet plausible modelling indicate that the Group would generate sufficient positive cashflows to continue operating as a going concern over the 14-month period ending 28 September 2025, excluding the need to repay the RCF on or before 1 July 2025. Similarly, there would be no expected breaches of financial and non-financial covenants (assuming no changes to the existing covenants).

2. Given recent discussions, the Board is confident that further progression of the sale of Authentication will ultimately allow the Group to repay in full the RCF before its expiration on 1 July 2025, satisfy future bonding requirements, mitigate any risks to the De La Rue UK defined benefits pension scheme, and continue to operate the remaining business as a going concern.

3. Management's base case modelling indicates that the Group would not have sufficient funds or the ability to repay the RCF on or before 1 July 2025 when it becomes due, given that the timing, probability of completion and terms of the sale of the Authentication division are subject to factors outside of the Board's control. The circumstances which would follow non-repayment of the RCF on or before 1 July 2025, including the manner in which the Group's lenders would seek to recover funds, would not be within the control of the Directors. Furthermore, even in the event of a transaction completing, the proceeds that will be retained (and immediately available) in the Group to address its ongoing liquidity requirements following the repayment of the RCF, are subject to factors outside of the Board's control. These include the Group's cash position on disposal, the final sale price, transaction costs and any cash outflows addressing the pension risk. These matters represent a material uncertainty which may cast significant doubt upon the Group's ability and the Company's ability to continue as a going concern for a period up to 28 September 2025.

The financial statements do not contain the adjustments that would result if the Group and Company were unable to continue as a going concern

Viability statement

The Directors have considered the longer-term viability of De La Rue Plc in line with the recommendations under the UK Corporate Governance code. Consistent with the prior year, the Directors believe that an appropriate period to consider the Group's viability is over a two-year period from the balance sheet date (FY25 and FY26) or 20 months from the date of approval of these financial statements, to 28 March 2026. This includes the period to the end of the existing RCF and an assumption that this facility would be fully repaid with the conclusion of the strategic options as detailed above.

In assessing the viability of the Group, the Directors have reviewed the principal risks as set out in pages 56 to 63 and considered foreseeable scenarios of one or more of the principal risks crystallising in the same time period in the context of its strategic plan. The main risks modelled to have an impact on the viability of the Group are set out below, with the quantitative impacts modelled being consistent with those adopted for the Going Concern period as set out in pages 66 to 67:

- Risk 3 Macroeconomic and geo-political
- Risk 10 Banking facilities
- Risk 11 Kenya taxation and exit strategy
- Risk 13 Currency pipeline

There are certain scenarios that the Directors have not individually modelled (e.g. a terrorist attack or an event of nature) as either sufficient insurance coverage exists or the risk is covered by the modelling performed on certain scenarios for other principal risks.

The Directors are satisfied that, if the discussions relating to the Group's Authentication division conclude in a sale of that division on the terms currently under discussion (notwithstanding the material uncertainty as detailed within the Conclusion section of the Going Concern disclosure on this page), there would be adequate proceeds from the transaction to fully repay the RCF, satisfy future bonding requirements, mitigate any risks to the De La Rue UK defined benefits pension scheme, and continue to operate the retained business as a viable business until at least 28 March 2026, being the end of the viability assessment period. However, the Directors consider that the material uncertainty referred to in respect of going concern may cast significant doubt over the future viability of the Group and company should these events not complete.

Strategic report

This Strategic report, comprising pages 2 to 68 inclusive, was approved by the Board on 24 July 2024.

By order of the Board

Jon Messent
Company Secretary

24 July 2024

Governance report

The Company's governance structure is intended to ensure that we are able to focus on the right issues, at the right time.

Securing trust

Delivering our purpose requires clear and visible leadership, the right culture and robust corporate governance. This enables us to earn and repay our stakeholders' trust.

Trusted

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Board leadership and company purpose

De La Rue's purpose is to secure trust between people, businesses and governments.

We operate in markets where security, integrity and accountability are paramount.

Delivering our purpose requires clear leadership, an open and honest culture together with robust corporate governance. This enables us to earn the trust of our stakeholders.

Dear Shareholder,

I am pleased to present the Governance Report for FY24, my first year as your Chairman. We believe that high standards of corporate governance are vital in helping to create and protect value. We set out on the following pages how the Board has worked to promote good governance and is conducting our business responsibly, taking our stakeholders' interests into account.

Strong governance

We are committed at De La Rue to do business in the right way. We have a robust governance framework, which helps to create the checks and balances for us to deliver the business outcomes and financial results that we and our stakeholders wish to see.

See the key activities of the Board on page 76

Board changes

As you will read further in the Nomination Committee report on page 80, this year has seen substantial changes to the composition of the Board. The previous Chairman, Kevin Loosemore, and Non-executive Directors Catherine Ashton and Margaret Rice-Jones retired from the Board during 2023. In addition Rob Harding resigned as Chief Financial Officer to pursue another opportunity. I would like to take this opportunity to thank them all for their significant contributions to De La Rue over their tenures. During the year we welcomed Dean Moore initially as independent Non-executive Director, but subsequently as Interim Chief Financial Officer, and Brian Small to the Board as an independent Non-executive Director. You can read more on their inductions to the De La Rue Board on page 82.

In terms of Board diversity, our levels are not where we want them to be for the longer term, and we will continue to keep this under review when appointment opportunities to the Board become available. I am confident that we have the right combination of skills, expertise and knowledge for the Board for De La Rue's current stakeholder needs, with members who are passionate about the business.

Read more on Board inductions on page 82

We have the right Board for the Company, and we were able to staff this quickly and effectively to meet the Company's immediate and ongoing challenges. Further, we continue to keep succession planning and talent development under review. You can see our diversity levels across the business and more information on the opportunities available to our employees on pages 37 and 81.

Owing to the number of changes to the Board, our internally led Board evaluation focused on looking ahead and how we can work together to deliver sustainable shareholder value. I am pleased to report that the results from the evaluation were positive, and as such all Directors are proposed for re-election at the 2024 AGM. You can read more on this on pages 82 to 83.

Read more on our workforce on page 77

Our workforce

We have a committed and hardworking workforce at De La Rue, and we recognise that our people are key to the success of the Group. There continues to be significant change throughout the organisation and we are immensely grateful for the efforts of every single individual during this time.

Since joining the Group, I have been able to attend our Employee Voice Forum, to listen first hand to what our employees are proud of about working for De La Rue, and to hear any matters they wished to share with the Board. You can read more on this on page 77.

Annual General Meeting

Our forthcoming AGM will be hosted at our head office in Basingstoke on 25 September 2024. Alongside my fellow Directors, I hope that you are able to join us.

Clive Whiley,
Chairman

UK Corporate Governance Code 2018

Compliance statement

The Board encourages a culture of strong governance across the business and continues to apply the principles of good governance set out in the Financial Reporting Council's (FRC) July 2018 edition of the UK Corporate Governance Code (the Code), which can be found at www.frc.org.uk. The Board considers that it and the Company have, throughout the period to 30 March 2024, complied with all of the provisions of the Code.

The FRC has recently published an updated Code whose provisions will largely apply for financial years starting on or after 1 January 2025. We will continue to review our practices and procedures as appropriate to ensure the Board complies with the new Code.

This Governance section has been organised to follow the structure and principles of the Code to illustrate how we have applied the Code throughout the year.

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Board of Directors

Our Board is composed of highly skilled, highly entrepreneurial individuals who bring a range of skills, perspectives and corporate experiences from multi-billion pound revenue companies to our boardroom discussions.

Key for committees

- N Nomination Committee
- A Audit Committee
- Ri Risk Committee
- E Ethics Committee
- Re Remuneration Committee
- Committee Chair

Clive Whiley, Chairman

Appointed to the Board on 18 May 2023

Current directorships and business interests
- Mothercare plc, Chairman
- Sportech plc, Non-executive Director
- Griffin Mining Limited, Non-executive Director

Career, skills and experience
Clive has 40 years' experience, both as an Executive and Non-executive Director, across a wide range of industries and geographies in regulated and listed company governance positions. He was previously Chairman of Dignity plc and a Non-executive Director of Grand Harbour Marina plc (listed in Malta), Camper & Nicholsons Marina Investments Limited and Stanley Gibbons Group plc.

Clive was responsible for successfully guiding Mothercare's emergence as an internationally-focused brand business alongside, at Dignity, leading 12% of the UK funeral market in the eye of the Covid-19 pandemic.

Contribution to long-term sustainable success
Clive's track record demonstrates that he is capable of operating in all operational, financial or regulatory circumstances and the Board believes his depth of experience and skills are what is required to pilot the business.

Clive Vacher, Chief Executive Officer

Appointed to the Board in October 2019

Career, skills and experience
Clive has extensive experience in running complex P&Ls for global industrial companies in both the commercial and government/defence sectors. He has a track record of turnarounds, international business transformation and strategic development, including leading divisions of international corporations and standalone listed companies.

Clive was a Director, President and Chief Executive Officer of Canadian-listed Dynex Power, leading its privatisation sale to the Chinese Rail and Rolling Stock Company in March 2019. Previously, he held senior leadership positions with Pratt and Whitney, Rolls-Royce, General Dynamics Corporation and B/E Aerospace.

Clive is an alumnus of MIT, Stanford, Columbia and the LSE and currently sits on the advisory board of the Lincoln International Business School at the University of Lincoln, UK.

Contribution to long-term sustainable success
Clive has a strong track record of delivering successful turnaround strategies in a range of industries.

Dean Moore, Interim Chief Financial Officer

Appointed to the Board as an Independent Non-executive Director on 26 June 2023 and as Interim Chief Financial Officer on 4 August 2023

Current directorships and business interests
- Griffin Mining Limited, Non-executive Director
- THG plc, Non-executive Director

Career, skills and experience
Dean is a chartered accountant with over 35 years of public company experience in companies operating in many different sectors and environments. He is a highly respected finance professional and non-executive director with a proven track record.

He was previously Chief Financial Officer at Dignity plc, Cineworld plc (on an interim basis), N Brown Group plc, T&S Stores plc and Graham Group plc, and formerly Non-Executive Chair at Tuxedo Money Solutions Limited and Independent Non-executive Director at Dignity plc, Cineworld plc and Volex Plc.

Contribution to long-term sustainable success
Dean's significant experience of the strategic development of listed companies, in both senior executive roles and in non-executive appointments is ideally suited to supporting the Board and the executive team in delivering future growth.

Ruth Euling, Executive Director and MD, Currency

Appointed to the Board in April 2021

Career, skills and experience
Ruth joined De La Rue in 1988 as a graduate trainee and has spent over 30 years working in the international government sector, living and working in the UK, Mexico, Colombia, Spain and Malaysia.

During her career at De La Rue, she has held a number of executive management positions within the Currency, Identity and Brand businesses in Sales, Marketing, Manufacturing and General Management. Ruth was appointed Managing Director of the Currency Division in 2019. Prior to that she was Sales Director for the Currency businesses from 2012 until 2019.

In 2018, Ruth joined the advisory board of the International Currency Association, helping lead the currency industry in creating a single, cohesive voice. She was elected its Vice-Chair in 2022. She is also a member of the advisory council for Commonwealth Enterprise and Investment Council.

Contribution to long-term sustainable success
Ruth has an unrivalled knowledge of the international currency market, and extensive contacts in finance ministries, central banks and state print works around the world.

Board of Directors continued

Nick Bray,
Senior Independent Non-executive Director

Appointed to the Board in July 2016

Current directorships and business interests
- Travelport Worldwide Ltd, CFO and EVP

Career, skills and experience
Nick has extensive international experience in the technology and information security industries. In 2019, he was appointed as Chief Financial Officer of travel technology company, Travelport. Before joining Travelport, he served as Chief Financial Officer of security software firm, Sophos Group plc, for over nine years. Nick was also Chief Financial Officer at Micro Focus International plc, having previously held CFO roles at Fibernet Group plc and Gentia Software plc. Prior to that, he held various senior financial positions at Comshare Inc. and Lotus Software.

Contribution to long-term sustainable success
Nick is a chartered accountant and highly experienced CFO, with strong strategic management skills.

Mark Hoad,
Independent Non-executive Director

Appointment to the Board in September 2022

Current directorships and business interests
- TT Electronics plc, CFO and Executive Director

Career, skills and experience
Mark is a chartered accountant with a deep understanding of finance and operational activities, acquired during a career spent in senior finance/management roles with FTSE listed companies. He has been a Director of TT Electronics plc and its Chief Financial Officer since January 2015 and previously held equivalent roles with BBA Aviation plc. His other previous experience includes several years working in a variety of management roles in Continental Europe and Australia, as well as a strong focus on driving business transformation in the US.

Mark has spent the last 25 years working in global industrial businesses and has extensive experience of driving business and functional re-structuring and transformation, M&A, and equity and debt capital markets.

Contribution to long-term sustainable success
Mark is a strategically-minded chartered accountant, with extensive financial management experience in complex global manufacturing businesses and strong experience in listed companies and public markets.

Brian Small,
Independent Non-executive Director

Appointment to the Board on 8 September 2023

Current directorships and business interests
- Pendragon plc, Non-executive Director
- Mothercare plc, Non-executive Director

Career, skills and experience
Brian is a chartered accountant and an experienced FTSE 250 CFO with broad general management experience in retail, wholesale and consumer-branded manufacturing. Brian was the CFO for JD Sports Fashion plc from 2004 to 2018 before retiring to focus on non-executive roles. He was also a Non-executive Director of Boohoo.com from 2019 to 2023.

Contribution to long-term sustainable success
Brian's tenure as a FTSE250 CFO which provides valuable knowledge and experience to the Board.

Jon Messent,
General Counsel and Company Secretary

Appointed as General Counsel on 3 April 2023 and as Company Secretary on 11 April 2023

Career, skills and experience
Jon brings to De La Rue a wealth of experience in Company Secretarial, Legal and Governance, having held numerous executive roles in both listed and private companies operating in industrial, manufacturing, property, security and the defence sectors. His most recent role was as Group General Counsel and Company Secretary with QinetiQ Group plc, a multi-national FTSE 250 operating primarily in the defence, security and critical national infrastructure markets.

Securing trust:

...with a broad agenda

The Board regularly discusses strategy, financial and operational matters, people, culture and governance. The key matters discussed by the Board can be found on page 76.

...with the right skills

Having the right skills and knowledge on the Board is essential for decision making and driving the evolution of our business. To see the results from our internal board effectiveness review go to pages 82 to 83.

...with strong controls

Ensuring we consider the Group's risks and monitoring our financial and narrative reporting is vital alongside our external and internal auditors. To read about our relationship with them, go to pages 88 to 90.

Governance at a glance

Corporate governance is the system by which companies are directed and controlled, being a *combination of people, structures and processes*

Board attendance

98%

Board independence excluding the independent Chairman

50%

Governance in support of the corporate purpose

Our corporate purpose is to secure trust between people, businesses and governments.

To enable us to fulfil our purpose and support our customers and our stakeholders, De La Rue needs robust internal structures and processes. These are designed to ensure, as far as possible, that we are trusted by our stakeholders.

Those structures and processes combine to make up our corporate governance framework. By training our people in what is expected of them and how we expect things to be done, we create the conditions under which we can fulfil our corporate purpose.

Corporate governance

The Company's governance structure is intended to ensure that the right people are able to focus on the right issues, at the right time. The goal is to create and preserve value for all our stakeholders, including our shareholders.

As well as the Board Committees recommended by the Code, we have created a mix of Board and management committees that consider the key issues and risks facing the Company. This enables groups with the required subject matter expertise to devote time and attention to the areas where they can make a difference.

Reports from the Nomination, Audit, Risk, Ethics and Remuneration Committees are included later in this Governance report.

Attendance at scheduled Board meetings

The Board met on eight scheduled occasions during the year, with additional meetings held as required to provide approvals or discuss matters at short notice, which did not always require attendance from all Board members. Attendance at the scheduled Board meetings is shown below.

Where a Director is unable to participate in a Board meeting, they review the meeting materials and communicate their opinions and comments on the matters to be considered to the Chairman of the Board.

Clive Whiley	8/8
Clive Vacher	8/8
Dean Moore[1]	6/6
Ruth Euling[2]	7/8
Nick Bray	8/8
Mark Hoad	8/8
Brian Small[3]	5/5
Rob Harding[4]	3/3
Catherine Ashton[5]	1/1
Margaret Rice-Jones[6]	3/3

Notes:
1 Appointed to the Board on 26 June 2023
2 Ruth Euling was unable to make one Board meeting due to a conflicting prior appointment
3 Appointed to the Board on 8 September 2023
4 Resigned from the Board on 28 July 2023
5 Resigned from the Board on 12 June 2023
6 Resigned from the Board on 7 September 2023

Governance at a glance continued

Our governance framework

Certain Board responsibilities are delegated to formal Board committees which play an important governance role.

- Board
- Board committees
- Management committees

The Board

The Board sets the Group's purpose, strategy and goals and monitors the delivery of these. In addition, the Board has duties to stakeholders and to deliver returns to shareholders sustainably over the longer term. A key responsibility of the Board is overseeing and monitoring (with the support of the Audit Committee, Risk Committee and Ethics Committee) our risk management programme and internal control environment.

Strategy: *see pages 18 to 20* | Risk Management: *see pages 56 to 63* | S.172 Statement: *see pages 21 to 23* | Finance review: *see pages 50 to 55*

Board Committees*

Certain matters are delegated to Committees of the Board. The terms of reference for these Committees can be found on the De La Rue website at www.delarue.com.

Nomination Committee

Reviews the structure, size and composition of the Board and its Committees, managing succession planning to ensure a balance of skills, knowledge and experience and having regard to diversity.

See pages 80 to 83

Audit Committee

Reviews and monitors the integrity of the Company's financial reporting, risk management systems and internal controls and the effectiveness of the internal audit function and external auditors.

See pages 84 to 90

Risk Committee

Oversees the Group's risk management framework. Identifies, evaluates and monitors the principal risks facing the Group and reviews mitigation activities.

See page 91

Ethics Committee

Makes recommendations to the Board on ethical matters and reinforces the Group's commitment to ensuring business ethics are a fundamental and enduring part of the Group's culture.

See pages 92 to 93

Remuneration Committee

Implements the approved Directors' remuneration policy, sets pay for the Chairman and Executive Directors, and monitors the policies and practices applied to senior management remuneration.

See page 94 to 112

Executive Leadership Team

- Operates under the direction and authority of the Chief Executive Officer.
- Manages the day-to-day running of the Group and its business.
- Develops and implements strategy, monitoring the operating and financial performance and the prioritisation and allocation of resources.

CEO review: *see pages 6 to 10* | KPIs: *see pages 46 to 49*

Management Committees

These Management Committees support the Board and provide governance oversight on certain matters.

Sanctions Board

- Responsible for ensuring internal control procedures are in place to mitigate the risk of breaching applicable trade sanctions and embargos.
- Reports into the Ethics Committee.

For more information: *see page 43*

Group Health, Safety and Sustainability Committee

- Makes recommendations on health & safety and sustainability strategy.
- Monitors compliance with H&S and sustainability obligations.
- Tracks key H&S and sustainability KPIs.
- Recommends appropriate training and actions to maintain H&S and sustainability improvements and performance.

For more information: *see page 38*

* The Board also operates a Disclosure Committee, chaired by the Chairman, which oversees the governance and control of the disclosure of inside information in accordance with market abuse regulations.

Governance at a glance continued

Key matters considered by the Board in FY24

There is regular dialogue between the Chairman, Chief Executive Officer, and Company Secretary to ensure that the Board agendas contain the appropriate mix of strategy, financial and operational, people, culture and governance matters to ensure the Board is able to discharge its duties effectively. Key matters considered during FY24 include:

Our strategic pillars

- Grow repeatable business
- Drive efficient operations
- Invest for the future

Strategy and financing

- Ongoing updates from the Executive Directors on the amendment and extension to bank facilities
- Ongoing updates from the Chairman on discussions with the pension trustee and pension regulator
- Approval of and, where appropriate, ratification of large bids, and of appointments of high-level third party partners
- Updates from the Managing Directors of both Currency and Authentication divisions
- Review and approval of strategy for FY24 to FY27
- Approval of the budget for FY25

Monitoring and managing risk

- Updates from the Risk Committee on principal risks and uncertainties across the Group
- Confirmed the Group's risk appetite and which risks should be insured
- Health, Safety, Security and Environmental updates
- Cyber security updates

Stakeholder engagement

- Ongoing updates on the engagement with large and institutional shareholders throughout the year in relation to Board composition
- Received and considered feedback from institutional investors and regular investor relations reports
- Agreed that the Chairman would be the Workforce Engagement Director and engage with employees via the Employee Engagement Forum
- Held the Annual General Meeting with all Directors standing for reappointment being reappointed

Reporting and accountability

- Approved the half and full year financial statements and the Annual Report and Accounts
- Approved the Going Concern and Viability statements
- Reviewed trading performance
- Reviewed and approved the April 2023, September 2023 and October 2023 trading statements and considered media reaction and institutional investor feedback
- Approved the updated Tax strategy

Ensuring good governance

- Appointment of Clive Whiley as Chairman
- Appointment of Dean Moore as Non-executive Director and later as Interim Chief Financial Officer
- Appointment of Brian Small as Non-executive Director and Chair of the Remuneration Committee
- Appointment of Mark Hoad as Chair of the Audit Committee
- Appointment of Nick Bray as Senior Independent Director
- Undertook a 2024 Board effectiveness review
- Approved the updated Modern Slavery Statement

Key activity timeline

April	May	June	July	August	September	October	November	December	January	February	March
– Appointment of interim CFO – Trading Update – Resignation of Kevin Loosemore as Chairman	– Appointment of Clive Whiley as Chairman	– Resignation of Catherine Ashton and Margaret Rice-Jones – Appointment of Dean Moore as Non-executive Director – Full year results	– Publication of Annual Report and Notice of AGM	– Appointment of joint broker – Dean Moore appointed as Interim CFO – Brian Small appointed as Non-executive Director	– Results of AGM – Trading Update	– Trading Statement		– Half year results			

Governance at a glance continued

Employee relations

The Board understands that having the right corporate culture comes from the top and is a critical enabler for both the delivery of the Company's strategy and the maintenance of effective risk management and internal controls. The Directors recognise that they must lead by example, promoting ethics and integrity in line with our standards. We continue to build a high-performance culture across the business to support the delivery of our strategy.

As employees are one of the Group's key stakeholders, the Board has monitored employee engagement throughout the year including:

- Receiving updates from the Executive Leadership Team (ELT)
- Receiving reports from Group Director of HR
- Reviewing and approving succession and talent frameworks
- Attendance by the Chairman at the Employee Voice Forum, having an open conversation with employees focused on what has gone well, any challenges faced by employees, and whether there was anything employees felt the Board should be made aware of.
- The Executive Directors attending site visits throughout the year to meet employees in person. In particular this year, Clive Vacher visited sites in Westhoughton, Malta, Gateshead and Dubai and Ruth Euling visited our Debden and Westhoughton sites.

As set out in the Responsible business report on pages 24 to 45 we also launched management fundamentals training and a range of wellbeing sessions on a variety of topics including neurodiversity, mental health and the importance of staying healthy.

Shareholder relations

The Board considers the views of the Company's current and potential shareholders to be important and looks to engage with shareholders whenever possible. We run an active investor relations programme with our major shareholders, led by the Chairman, and in which the CEO, CFO and Senior Independent Director are involved who all provide feedback to the Board. During the year, the Board worked on an accelerated appointment plan for a new Chairman, and the engagement with shareholders in respect of Clive Whiley's appointment was led by Nick Bray as Interim Chair at the time.

During the year, Clive Whiley engaged with the Company's principal institutional investors via one-to-one meetings and group meetings. These meetings were attended by various senior executives including the Chief Executive Officer, who met with holders of the majority of the issued share capital during the year.

The key focus of shareholder engagement throughout the year was Board composition and the appointment of Clive Whiley as Chairman, banking facilities and the strength of the Company's balance sheet – see page 23 for more information.

Our principal engagement with our retail shareholder base is at the AGM, at which all Directors attended in person, and our Committee Chairs were available to answer questions. We also webcast our results presentations, allowing any shareholder to listen in, and these are also available subsequently on our website.

At the 2023 AGM, the resolution relating to the authority to allot additional shares on a non-pre-emptive basis received votes against in excess of 20%, which is seen as significant by the Investment Association.

The Board was disappointed in this outcome, given that the resolution followed the provisions of the Pre-Emption Group's Statement of Principles. Further, the authority sought would have been limited to issuance of equity for cash in connection with an acquisition or specified capital investment.

Subsequent to the AGM, we have engaged with our largest shareholders to understand their views on this resolution, which included that this authority could result in inappropriate levels of dilution. The Board will continue to propose resolutions to shareholders which it considers to be in the best interests of the long-term success of the Company.

Our behaviours

All businesses depend on a skilled, dedicated and motivated workforce in order to deliver their strategy. It is therefore critical that the way in which we manage our workforce supports the long-term sustainable success of the Group. We aspire to the highest standards of business conduct based on integrity, transparency and collaboration.

We have a Code of Business Principles which sets out our corporate values and how we expect our employees to conduct business. This is supplemented by the People Managers' Charter, which sets out our expectations for all levels of leadership.

Our culture is inclusive, and we seek to improve it continuously. Therefore, we encourage our workforce to speak up to raise any concerns about ethical breaches or malpractice. As part of this, we have a dedicated whistleblowing hotline to allow matters to be raised confidentially or anonymously by all employees.

For more information see the Responsible Business section on pages 42 to 45.

Division of responsibilities

As at 30 March 2024 the Board had seven members, being the Chairman, three Executive Directors (the Chief Executive Officer, the Interim Chief Financial Officer and the Managing Director, Currency) and three Non-executive Directors. Biographies setting out the skills and experience of the Directors are set out on pages 72 and 73. There is a clear division between Executive and Non-executive responsibilities which ensures appropriate accountability and oversight.

The Directors are, individually and collectively as a Board, accountable to shareholders for their performance and for governance throughout the Company, supported by the Company Secretary.

The Chairman and the Non-executive Directors meet regularly without the Executive Directors present and, at least on an annual basis, the Non-executive Directors meet without the Chairman.

The Board meets regularly throughout the year, follows a formal work programme and has adopted a schedule of matters which are required to be brought to it for decision on a timely basis. The key areas for the Board's sole decision include Group strategy, long-term objectives and budgets, the Group's values and culture, approval of annual and interim results, acquisitions, disposals and material business changes, internal control and risk management systems, any changes to the Group's capital structure, and the dividend policy.

The Board delegates some of its responsibilities to the Nomination, Audit, Risk, Ethics and Remuneration Committees. The work of these Committees can be found on pages 80, 84, 91, 92 and 94. Each of these Committees has its own terms of reference which can be found on our website.

The Board also delegates certain operational matters to the Executive Leadership Team, who meet regularly to communicate, review and agree on issues and actions of Group-wide significance. The ELT develops, implements and monitors strategic and operational plans, and considers the continuing applicability, appropriateness and impact of risk. It leads the development and implementation of the Group's culture and aids the decision making of the Executive Directors in managing the business.

There is a clear division of responsibilities between the roles of the Chairman, Chief Executive and Senior Independent Director. This is set out in writing and agreed by the Board, and is available on the Company's website, www.delarue.com. This is summarised in the following table.

Chairman
Clive Whiley

As Chairman, Clive Whiley is responsible for:
- Providing leadership of the Board, setting its agenda, style and tone, promoting constructive challenge, debate and sufficient time for discussion.
- Ensuring information flows from the Executive Directors to the Board and from the Board to key stakeholders, therefore facilitating constructive Board relations and the effective contribution of all Directors.
- Having oversight and responsibility for the composition and capability of the Board, its Committees and senior management, including acting as Chair of the Nomination Committee and the Ethics Committee.
- Ensuring high standards of corporate governance and probity throughout the Group are established and maintained.
- Developing and maintaining constructive relationships with the Company's investors and lenders.

Chief Executive Officer
Clive Vacher

In his role as Chief Executive Officer, Clive Vacher is responsible for:
- Maintaining and motivating a senior management team with the appropriate knowledge, experience, skills and attitude to manage the Group's day-to-day activities.
- Demonstrating personal leadership and a management style which encourages open working relationships at all levels within the Group.
- Ensuring, alongside the Chief Financial Officer, the control and coordination of the Group's financial and funding policies as approved by the Board.
- Ensuring that the Company has in place appropriate and robust risk management and internal control mechanisms including health, safety and environmental policies and wellbeing of its workforce.
- Leading on the Group's sustainability strategy and climate change related commitments.
- Setting the operating plans and budgets required to deliver the strategy.
- Engaging with shareholders and key stakeholders and briefing the Board in any material views and issues.

Interim Chief Financial Officer
Dean Moore

As Interim Chief Financial Officer, Dean is responsible for:
- Supporting the Chief Executive Officer.
- Managing the Group's finance strategy, financial reporting, risk management and internal controls.
- Managing the programme of meetings with investors.
- Providing leadership to the finance function.

Division of responsibilities continued

Other Executive Director
Ruth Euling

In her role as Executive Director, Ruth is responsible for:
- Supporting the Chief Executive Officer.
- Delivery of the Currency division's operational and financial performance.

As members of the ELT, all Executive Directors have a wider responsibility for monitoring the delivery of intended goals across the entire business, and for implementing and maintaining appropriate risk management processes and internal controls.

Senior Independent Director
Nick Bray

In his role as Senior Independent Director, Nick:
- Is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve, or for which such contact is inappropriate.
- Is available to other Directors should they have any concerns which are not appropriate to raise with the Chairman or which have not been satisfactorily resolved by the Chairman.
- Leads on any recruitment of a new Chairman, other than when being considered for the position.

Independent Non-executive Directors
Nick Bray
Mark Hoad
Brian Small

In their roles as Non-executive Directors, Nick Bray, Mark Hoad and Brian Small:
- Provide constructive challenge and contribute to the development of strategy.
- Review the performance of management in meeting agreed goals and objectives and delivering against business plans and budgets or forecasts.
- Monitor the accuracy and completeness of financial and narrative information provided to the market.
- Assist in the establishment of a framework of prudent and effective controls, which enable risk to be assessed and ensure that the systems of risk management and internal control are robust and defensible.
- Monitor succession planning and management development.
- Ensure that the voice of the workforce and other stakeholders is considered by the Board.
- Are members of the Nomination, Audit, Ethics and Remuneration Committees.

In addition to their roles, Mark Hoad is responsible for chairing the Audit Committee and Brian Small for chairing the Remuneration Committee.

General Counsel & Company Secretary
Jon Messent

As Company Secretary, Jon:
- Supports the Chairman in ensuring a timely flow of high quality information to the Directors.
- Advises the Board on regulatory compliance and corporate governance matters.
- Acts as point of contact for investors on matters of corporate governance.
- Ensures probity and good governance practices at Board level and throughout the Group.
- Is responsible for chairing the Risk Committee.

Independence and time commitments

All the Non-executive Directors are considered to be independent, both in thought and relative to the criteria set out in the Code.

The Chairman and each of the Non-executive Directors have a breadth of strategic, management and financial experience gained in their specialist areas in a range of multinational businesses. No one individual or small group of individuals dominates the Board's decision making.

The Board has established a process to review at least annually any actual or potential conflict of interest, the most recent review being March 2024. Any transactional conflicts are required to be notified, and would be reviewed, as they arise.

As part of a Non-executive Director's selection process, candidates are asked to confirm that they will have sufficient time to meet their responsibilities as Directors and to undertake not to accept any further appointment without first clearing the proposed role with the Chairman.

Nomination Committee report

Having the right skills and knowledge on the Board and the leadership team will help drive the evolution of the Group's business.

Committee members and attendance

Current members:

Clive Whiley (Chair)
Nick Bray
Brian Small
Mark Hoad
Clive Vacher

Former members:

Dean Moore
Catherine Ashton
Kevin Loosemore
Margaret Rice-Jones

- 5 scheduled meetings
- 100% attendance from all members during their membership

Dear Shareholder,

I am pleased to present to you my first Nomination Committee report as Chairman for the period ended 30 March 2024. This year, the Committee has been involved with a significant number of Board changes, and ensuring that the Board is comprised of the appropriate skills and experience.

Board and Committee changes

Firstly, Kevin Loosemore stepped down as Chairman on 1 May 2023, and following an accelerated and comprehensive selection process led by Nick Bray as Senior Independent Director, I was appointed as Chair on 18 May 2023.

Dean Moore was appointed in June 2023 as Non-executive Director, and subsequently Interim Chief Financial Officer in August 2023, following the departure of Rob Harding as Chief Financial Officer in July 2023 at the end of his notice period.

Both Catherine Ashton and Margaret Rice-Jones retired from the Board in June and September 2023 respectively and we appointed Brian Small as Non-executive Director and Chair of the Remuneration Committee in September 2023.

Brian, as a chartered accountant and an experienced FTSE 250 CFO, provides valuable experience and knowledge to the Board.

My appointment as Chairman was conducted through Russell Reynolds, an external search consultancy, which had no other connection to the Company or its directors.

Board diversity

Diversity, equality and inclusion continue to be areas of focus for the Committee and the Board, with the Board's diversity policy being aligned to that of the wider Group, which is to strive to have a workforce representative of the communities in which we operate.

The Board acknowledges that its diversity is not in line with the recommendations set out in the Parker Review and the FTSE 350 Women Leaders Review or the targets within the UK Listing Rules. However, the individuals on the Board have a depth of financial experience, strategic knowledge and availability to guide the Group during this challenging period. Nick Bray will remain on the Board until the 2025 AGM, at which point he will retire having served for nine years. During FY25 the Committee will be considering further appointments to the Board, having full regard to the benefits of diversity in all its forms and compliance with relevant guidance and rules.

Clive Whiley
Chair, Nomination Committee

Principal responsibilities

Board composition:

- Review the structure, size and composition of the Board and its Committees, to ensure that they remain appropriate, aiming to maintain a balance of skills, experience, knowledge and diversity
- Ensure that all Board appointments are made on a formal, rigorous and transparent basis

Succession:

- Consider succession plans for the Board and senior management, anticipating the challenges and opportunities facing the Company and the need for a diverse pipeline of talent
- Oversee the Board's diversity policy and its implementation

Effectiveness:

- Review the independence and time commitment of the Non-executive Directors
- Act on the results of the effectiveness reviews in relation to individual Directors

Nomination Committee report continued

Operation of the Committee

The Committee is comprised of the Company's independent Non-executive Directors and the Chief Executive Officer. Kevin Loosemore retired from the Board and the Committee on 1 May 2023 and Clive Whiley joined the Board as Chairman and Chair of this Committee on 18 May 2023.

Catherine Ashton and Margaret Rice-Jones retired from the Board and the Committee on 12 June 2023 and 7 September 2023 respectively. Brian Small joined the Committee on 8 September 2023. Dean Moore was appointed to the Committee on 27 June 2023, relinquishing his role on 4 August 2023 upon his appointment as Interim Chief Financial Officer.

During the year, at the Nomination Committee Chair's request, the Group HR Director was invited to meetings as appropriate.

The Committee's effectiveness was reviewed as part of the overall Board Effectiveness review. For further information on this, please see pages 82 to 83.

Composition and diversity

The diagrams on the right show the Board's composition, tenure and diversity characteristics. The biographical details of the Directors can be found on pages 72 and 73 showing their experience and skills for which they were appointed.

Whilst the primary objective and responsibility when making new appointments to the Board is to ensure the strength of the Board, we are committed to promoting a culture of respect and inclusivity for every individual across our business. We continue to promote a culture that values and thrives on diversity in all areas, including an inclusive and diverse culture in terms of ideas, skills, knowledge, experience, education, gender, social and ethnic backgrounds and cognitive and personal strengths.

The Listing Rules now set out diversity requirements that 40% of the Board should be women, at least one of the Chairman, CFO, CEO or SID positions should be a woman and that at least one member of the Board should be from an ethnic minority background. The current Board composition does not meet these requirements. However, diversity is a key focus for the Committee, and it will be taken into consideration for future Board composition and succession planning. The Committee is aware of the lack of diversity, but believes that the financial and operational experience on the Board is particularly suitable for the current stage of the Group's evolution.

Gender balance of the Board and Executive Leadership Team (ELT)

As at 30 March 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chairman)	Number in executive management (ELT)	Percentage of executive management (ELT)
Men	6	85%	4	4	67%
Women	1	15%	0	2	33%
Not specified/ prefer not to say	n/a	n/a	n/a	n/a	n/a

Diversity as at 30 March 2024

Board

Female 1
Male 6

Executive Leadership Team

Female 2
Male 4

Direct reports into the Executive Leadership Team

Female 16
Male 15

Independence

Executive
Independent Non-executive
Chairman

Tenure to 30 March 2024

Clive Whiley	10 months
Clive Vacher	4 years, 5 months
Dean Moore	9 months
Ruth Euling	2 years, 11 months
Nick Bray	7 years, 8 months
Mark Hoad	1 year, 6 months
Brian Small	6 months

Nomination Committee report continued

Board appointments and induction

The Committee oversaw the process of the appointment of three new Directors during the year, who could all make a positive contribution to the Board and its discussions on the Group's strategic development. A detailed brief was prepared and shared with Russell Reynolds (which has no other connection with the Company or any of its Directors), who was tasked with finding suitable chairperson candidates. The process culminated with the appointment of Clive Whiley. Dean Moore and Brian Small were appointed further to introduction by the Chairman, followed by interviews with and agreement by each member of the Board.

All new Directors receive a tailored induction on joining the Board. They also receive a detailed briefing which includes details of their duties and responsibilities as a Director and other governance-related matters.

The induction process also covers finance and governance matters that provides new Directors with an opportunity to glean insights from and build relationships with key individuals. Feedback on the induction was fed back to the Company Secretary to inform future induction processes.

Clive Whiley's induction

Clive Whiley's induction to his role as Chairman has included meeting with the Non-executive and Executive Directors including the Chairs of the Audit and Remuneration Committees and the Company Secretary, the members of the Executive Leadership Team and senior management across Currency and Authentication. He also visited our key sites in Debden and Malta to gain an understanding of our teams, products and processes.

He was also appointed to the role of Workforce Engagement Director and through this has met the Group HR Director and employees to understand the current sentiment across the Group. In addition, his introduction has involved comprehensive engagement with the Company's principal shareholders, pension trustee, its lending syndicate, and its corporate advisors.

Dean Moore's induction

Dean Moore's planned induction as Non-executive Director was changed following his amended appointment as Interim Chief Financial Officer in August 2023. Dean met senior management across the finance team, and both the external and internal auditors to understand their procedures and views of the business. Dean's induction has been aimed principally at developing his understanding of the Company's financial position and prospects in order that the benefit of his extensive listed company chief financial officer experience can be brought to bear in dealing with the Company's immediate and ongoing challenges.

Brian Small's induction

Brian Small's induction was tailored to his role as Non-executive Director and Chair of the Remuneration Committee. Brian met senior leadership, including in Currency, Authentication, and Finance.

During Brian's induction meetings, he was able to gain insight into the business of the different divisions and their key priorities and challenges. He also met the Group HR Director to gain an understanding of the remuneration frameworks and policies across the business. As with the other inductions noted, an important objective has been to ensure a high level of understanding of the Company's finances in order that his substantial listed company chief financial officer experience can be engaged for the Company's benefit.

Succession planning

The Committee recognises that having the right Directors and senior management is crucial for the Group's success. A key task for the Committee is to ensure that there is a robust and rigorous succession process to ensure the right mix of skills and experience throughout the Group as the business evolves. The Committee's approach to succession planning is linked to the Company's overall strategy, values and mission and includes diversity considerations. Our policy is to appoint the best people available for each role and to ensure that the Board members are collectively able to provide the range of perspectives, insights and constructive challenge required to make decisions effectively. Appointments are therefore based on merit by assessing candidates on objective criteria. It is the Board's view that it is presently ideally configured for meeting the financial and structural challenges the Company faces.

This year, talent development and succession planning has been reviewed by the Executive Leadership Team and shared with the Nomination Committee for their awareness.

The Board meets the Executive Leadership Team members and other key managers both formally and informally to exchange views and ideas. During the period, there was a focus on succession planning within the Finance team following a period of change within the leadership.

Board evaluation

The Chairman is responsible, with the support of the Nomination Committee, for ensuring that the Company has an effective Board with a suitable range of skills, knowledge, experience and diversity. In accordance with the Corporate Governance Code, the Company conducts a formal annual performance evaluation process for the Board, its Committees and individual Directors, including the Chairman. The Chairman routinely holds one-to-one meetings with all Directors to review their contribution to the Board.

This year's review of the effectiveness of the Board and Committees was carried out internally through questionnaires, using an online system managed by Lintstock, completed by each member of the Board to gather comments on a range of matters including the composition and dynamics of the Board, the Board support and focus of meetings, the Chairman and Committees and oversight on strategy, risk and people and performance priorities.

Nomination Committee report continued

Lintstock produced a report summarising the results of the survey, with both quantitative and qualitative data. The report was shared with the Board and its Committees, who discussed the findings and agreed appropriate actions.

Feedback received on the Chairman was positive, stating the comprehensive engagement with the debt and equity investors had improved trust and credibility of the Group and that the Chairman was supportive and challenging towards management to perform in line with expectations.

Conclusions from the FY24 Board evaluation

Some of the key strengths identified included:

- The Board's oversight of risk.
- The range of skills and experience on the Board needed to deal with the specific challenges the Group faces.
- The dynamics of the Board, which were seen to be highly supportive, with the Non-executive Directors providing high quality challenge and support.
- The management of Board meetings, with the board papers being of high quality with a substantial improvement in the timeliness of availability of the papers in the last year.

The Board's focus throughout the year has been managing through a period of change and uncertainty, however, the continuing priorities for the Board were:

- To continue to provide support and guidance to management to help them tackle the short-to-medium-term challenges faced by the business.
- To stabilise the business to ensure its future and to consider the Group's Executive succession planning and the effectiveness of talent management processes.
- To address the lack of diversity on the Board as and when appropriate.

As set out in last year's annual report, an internal performance evaluation was undertaken of the Directors, the Board and its Committees. The progress made against the FY23 evaluation is set out in the following table.

Progress against FY23 evaluation

Agreed change	Progress
Each Board meeting should commence with a private session for the Chairman and other Non-executive Directors, and be followed by a joint session with the Chief Executive Officer.	– This meeting structure has been used on occasion. However, there has been very considerable engagement, and cross-engagement of these groupings over the course of the year on an ad hoc basis.
During a period of significant uncertainty in the Company's markets and the challenging business context that this creates, to re-introduce a Directors' call in those months with no scheduled Board meeting, following publication of the management accounts.	– These calls have taken place in every month of FY24, sometimes on more than one occasion within a month.

Re-election of Directors at the 2024 AGM

All Directors serving at the date of this report will stand for re-election at the 2024 AGM. Following the Board performance evaluation (set out above), the Committee considers each of the Directors to be effective in their respective roles. It judges that they demonstrate commitment and is of the opinion that all Directors continue to provide valuable contributions to the long-term success of the Company. The Board strongly supports their election and re-election to the Board and recommends that shareholders vote in favour of the relevant resolutions at the 2024 AGM.

Audit Committee report

We provide comfort to the Board ensuring that we have oversight of the financial statements and the Group's system of internal controls and risk management.

Committee members and attendance

Current members:

Mark Hoad (Chair)
Nick Bray
Brian Small

Former members:

Dean Moore
Catherine Ashton
Margaret Rice-Jones

- 6 scheduled meetings
- 100% attendance from all members during their membership

Dear Shareholder,

On behalf of the Audit Committee, I am pleased to present my first Audit Committee report for the period ending 30 March 2024.

The Group's key accounting matters, together with how the Committee has addressed them, can be found on pages 85 to 87. During the year, and subsequent to it, a key area of focus for the Committee has been the going concern assumption and the ability of the Group to continue to comply with its banking facility covenants. As part of this, consideration was given to the Group's liquidity and forecast cash flows under many potential scenarios, and the extension to the Group's banking facilities. The Going Concern statement can be found on pages 64 to 68.

A further key focus for the Committee this year was post-retirement benefits, and in particular, the impact the Group's pension obligations have on the financial statements. In June 2023, the Board agreed with the pension trustee to a 15 month moratorium on pension deficit repair contributions until July 2024. From this date, the repair contributions would amount to £8m per annum until FY27, with further payments, not exceeding £16m until December 2030, or until the pension scheme is fully funded. This has significantly improved the Group's cash flow profile whilst improving the safeguards to the pension scheme and its members. You can read further on this on page 55.

In addition, the Committee was pleased to hear that the Financial Reporting Council's Corporate Reporting Review team undertook a desk top review, and whilst they do not benefit from detailed knowledge of the business or underlying transactions and provide no assurance, they did not find any significant areas of improvement during their review of the Group's audited FY23 annual report and accounts.

Mark Hoad,
Chair, Audit Committee

Principal responsibilities

Financial reporting:

- Monitor the integrity of the Group's financial reporting
- Review significant financial reporting issues and accounting judgements
- Review the adoption of new accounting standards

External audit:

- Responsible for the relationship with the external auditors, including the scope and extent of the external audit, their performance and fees
- Review and monitor the external auditors effectiveness, independence, objectivity including the level of provision of non-audit services

Internal audit:

- Oversee the relationship with the internal auditors, including the internal charter, annual work programme, fees and their independence and effectiveness
- Monitor and challenge management's response to internal audit findings and whether these are being implemented in a manner that supports the work of the internal auditors

Risk management and internal control:

- Review and monitor the effectiveness of the systems of internal control and risk management, including financial, operational and compliance controls

Audit Committee report continued

Key accounting matters in relation to FY24

The Committee reviews whether suitable accounting policies have been adopted and applied consistently and assesses if management has made appropriate estimates and judgements in the preparation of the financial statements. In addition, the Committee has reviewed and considered and challenged a number of key accounting areas and judgements in preparing the financial statements, as set out below.

Topic	What is the risk?	What did the Committee do?	What conclusion did it reach?
Revenue recognition	Revenue (and therefore profit) is not recorded in the correct financial year, resulting in an incorrect statement of performance	The Committee considered the Group's revenue recognition policies and procedures to ensure that they remained appropriate and that the Group's internal controls were operating effectively in this area. Feedback was also sought from the external auditors over the application of the revenue recognition policy including ongoing compliance with IFRS15. Specific focus was given to revenue recognised on a "bill and hold" basis and where revenue on new contracts entered into in the year was being accounted for on an "over time basis".	Following a review of the varied sources of information received, the Committee concluded that the accounting treatments and judgements were reasonable and appropriate.
Classification of exceptional items	Costs or income are incorrectly categorised as, or omitted from, exceptional items, resulting in a misstatement of profits for the year.	As part of the Committee's deliberations over whether the annual report and accounts, taken as a whole, is fair, balances and understandable, the Committee also considered the amounts disclosed as exceptional items. The nature of the items classified as operating exceptional items during the period is described in note 5. The Committee considered the accounting treatment and disclosure of these items in the financial statements including seeking the views of the external auditors.	On the basis of its review, the Committee concluded that the accounting treatment and disclosures in relation to these items were appropriate.
Accounting for the extension of the factory in Malta	The timing of the accounting for the new lease on the Malta site extension was not recorded appropriately.	The Committee reviewed Management's judgement as to whether the Company has control of the Malta site during the construction period. If the Group has the right to control the use of the identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. In order to control the asset, the lessee must have the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. It was determined that control exists only after the build is completed and the site becomes available for use. Management considers that given the building was under construction at year end date and therefore there were no economic benefits as the asset was not ready for use at that time. Therefore, management have concluded that no lease should be recognised in FY24. The lease will be recognised when the building becomes available for use.	The Committee concluded that Management's assessment that the lease will be recognised when the building becomes available for use is appropriate.

Audit Committee report continued

Topic	What is the risk?	What did the Committee do?	What conclusion did it reach?
Changes to the terms of the Group's banking facilities	Banking facility amendments in June 2023 and December 2023 may not be accounted for correctly as non-substantial modifications under IFRS 9 "Financial Instruments".	The Committee reviewed Management's judgement as to whether the amendments to the banking facilities made in June 2023 and December 2023 had been correctly accounted for as a non-substantial modifications under IFRS 9. The changing in the banking facilities did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the previous terms of the facility and the present value of the updated terms of the facility, discounted using the effective interest rate, resulting in a modification loss. The net loss on debt modification was £5.6m, including a loss on the debt modification in June 2023 of £4.8m and a loss on the debt modification in December 2023 of £0.8m.	The Committee has concluded that it supports the accounting of the June 2023 and December 2023 banking facility amendments as non-substantial modifications under IFRS 9.
Recoverability of other financial assets	The carrying value of investments made by the Group in entities within the Portals Group is recognised as an incorrect or inappropriate value in the balance sheet, resulting in an under or over-statement of assets.	The Committee notes that management has carefully assessed the recoverability of the other financial assets on the balance sheet as at 30 March 2024 based on information available to them and determined that an expected credit loss provision reported in FY23 was still appropriate. During FY24, £0.3m was received to settle some of these other financial assets. This was unexpected and no further amounts were expected as at 30 March 2024. However, a further £0.2m was received, again unexpectedly, in June 2024 in settlement of some of these other financial assets. The £0.5m credit has been reflected in exceptional items in FY24 (note 5). After a further review, management has concluded that there has been no change in this assessment of the remaining other financial assets in FY24. The amount presented on the balance sheet within other financial assets as at 30 March 2024 of £nil (25 March 2023: £nil) included the original principal received and accrued interest amounts, fully offset by the expected credit loss provision.	The Committee has concluded that it supports retaining the expected credit loss that was recorded in prior years. The Committee noted that if factors change again in the future, this may alter the judgements made resulting in a revision to the value of expected credit loss provision to be recognised.
UK post-retirement benefit obligations	The valuation of the pension scheme assets and/or liabilities is incorrectly or inappropriately valued. This would result in the balance sheet being misstated.	The Committee received and considered reports from management based on analysis prepared by independent actuaries and the external auditors in relation to the valuation of the UK defined benefit pension scheme and challenged the key actuarial assumptions used in calculating the scheme liabilities, especially in relation to discount rates, RPI and CPI inflation rates and mortality. The Committee discussed the reasons for the movements on the IAS 19 valuation deficit. The Committee was satisfied that the assumptions used were appropriate and were supported by independent actuarial specialists. Details of the key assumptions used are set out in note 23 to the consolidated financial statements. The UK pension scheme assets valuations aligned with the year end of 30 March 2024 and therefore there were no estimation adjustments made to the valuation of assets between this date and the valuation dates of the 31 March 2024.	The Committee considered the difference in valuation caused by the year end of 30 March 2024 and reporting dates of 31 March 2024 to not be significant when compared to total UK defined benefit pension scheme assets The Committee decided that a critical accounting judgement was not required for FY24.

Audit Committee report continued

Topic	What is the risk?	What did the Committee do?	What conclusion did it reach?
Recoverability assessment and impairment charges related to plant and machinery and capitalised product development costs	The impairment assessments carried out by the Group have not identified all applicable impairments.	The Committee reviewed Management's assessment of impairments made in the year. Impairment charges of £3.4m were made in relation to plant and machinery and £1.1m in relation to assets in the course of construction. A review was carried out of assets held in the Currency division and as a result £4.5m of assets were identified for impairment, mostly relating to assets that were originally to be utilised in another location where there is no longer the demand.	The Committee concluded that the impairments made in the year were appropriate.
Estimation of provisions	The value of provisions at the balance sheet are incorrectly or inappropriately calculated, resulting in a misstatement of profits for the year end of the closing balance sheet position.	The Group holds a number of provisions relating to warranties for defective products and contract penalties. The Committee reviewed and discussed reports from management and the external auditors concerning the significant provisions held for such matters including any provisions with notable movements and challenged management over the judgements applied in determining the value of provisions required. The Committee enquired of management and the external auditors as to the existence of other matters potentially requiring a provision to be made. The Committee concluded that it was satisfied with the value of provisions held.	The Committee has considered the latest available information provided by management including the latest view of external advisers and is confident with the judgements made in preparing the financial statement in the current period.
Carrying amount of investment in the subsidiary and amounts owed to Group undertakings in the Company (only) financial statements	The carrying value of the investment in subsidiary and amounts owed by Group undertakings in the Plc Company financial statements is misstated.	The Committee considered management's assessment of the recoverable amount of the Company's "Investment in Subsidiary" and previously impaired "Amounts owed to Group undertakings", management has identified a number of indicators of an impairment reversal. These include improved trading in the Company's subsidiaries, expressions of interest in the divisions of the Group and an increase in the market capitalisation of the Group. This assessment concluded that both the Investment in Subsidiary (£72.9m) and the gross value of the Amounts owed by group undertakings were recoverable. As a such, no impairment charge has been recorded in relation to "Investments in Subsidiaries" in FY24 (FY23: £85.6m) and a reversal of the previous impairment charge of £113.9m is recognised in FY24 relating to "Amounts owed by Group undertakings".	The Committee concluded that Management's assessment of the carrying value of the investment in subsidiary and recoverability of amounts owed by Group undertakings in the Plc Company financial statements is appropriate, including the reversal of the previously recognised impairment.
Going Concern	The use of an inappropriate basis of accounting, should the Group prove not to have access to sufficient liquidity to pay is debts as they fall due in the near term.	The Committee gave careful consideration to the going concern statements made in the half and full year financial statements. The Committee conducted rigorous reviews of the Group's financial forecasts, challenging key assumptions and giving careful consideration to plausible downside scenarios modelled, when assessing the impact these would have on the going concern status of the Group. A material uncertainty has been identified, refer to pages 64 to 68 in the Strategic Report.	The Committee concluded that was appropriate for the Directors to use the going concern basis of accounting, taking into account the material uncertainty identified.

Structure and operation of the Committee

The Committee is comprised of our independent Non-executive Directors. Nick Bray retired as Committee Chair at the conclusion of the 2023 AGM, at which point Mark Hoad became Chair. Catherine Ashton and Margaret Rice-Jones retired from the Board and the Committee on 12 June 2023 and 7 September 2023 respectively. Dean Moore was appointed to the Committee on 27 June 2023, relinquishing his role on 4 August 2023 upon his appointment as Interim Chief Financial Officer. Brian Small joined the Committee on 8 September 2023.

Biographical details of the Committee members are set out on page 72 to 73 detailing the depth of experience of the Committee members. All members are regarded by the Board as having relevant and recent financial experience. They are all chartered accountants with long careers as senior finance professionals, Nick Bray currently working as Chief Financial Officer of Travelport, Mark Hoad being the Chief Financial Officer of TT Electronics plc and Brian Small previously being the Chief Financial Officer of JD Sports Fashion plc.

During the year, at the Audit Committee Chair's request, all or parts of the meeting are attended by the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Group Finance Director, General Counsel & Company Secretary and the Group Financial Controller, as well as the internal and external auditors. In addition, the Group Director of Security, HSE & Risk and the Group Director of Tax and Treasury also attend Committee meetings as required.

Throughout the year, the Committee members met with the internal and external auditors without Executive Directors being present.

The Committee's effectiveness was reviewed as part of the overall Board effectiveness review. For further information on this, please see pages 82 to 83.

Financial Reporting

Fair, balanced and understandable

The integrity of the Group's financial reporting is of critical importance and it is a core responsibility of the Committee to review this reporting and the key accounting judgements contained in the financial statements.

The Committee reviewed, at the Board's request, the content of this FY24 Annual Report and advised that, in its view, when taken as a whole, the document is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

For the FY24 Annual Report, in making its recommendation to the Board, the Committee drew on its experience supplemented by:

- Reviews of the monthly management accounts, enabling trends and key business dynamics to be monitored throughout the year
- Review of reports from the Group Financial Controller and internal auditors
- Clear guidance provided on the requirement to draft in a fair, balanced and understandable way
- Reviews of the Annual Report undertaken at different levels of the Group including by the Executive Leadership Team, with an opinion that the reporting meets the required standards and consistent reporting confirmed to the Committee
- The review of the narrative reporting conducted by the external auditors as part of their review
- Reviews of the narrative reporting by the Audit Committee Chair and other Directors prior to formal consideration of the draft Annual Report by the Board.

The Committee advised the Board, and in turn the Board confirmed, that the FY24 Annual Report, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

External auditors

Following a competitive tender process that was led by the Committee, the Board appointed Ernst & Young LLP (EY) as the Company's auditors in 2017. At the 2023 AGM, EY were reappointed by shareholders as the external auditor for the year ended 30 March 2024 and the Board was authorised to determine the external auditor's remuneration. This year is San Gunapala's second audit as engagement partner following the mandatory five year partner rotation last year.

The EY audit partner attends each Committee meeting to ensure two-way communication of matters between the external auditors and Committee members. The EY audit partner also maintains regular contact with both the Committee Chair and the Chief Financial Officer. The scope and key focus of the forthcoming year's audit is discussed with and approved by the Committee, who also review and approve the fees for that audit and the review of the half year financial statements.

At the end of each meeting, the Committee has discussions with the auditors, without management present, covering a range of financial reporting, accounting, internal control and risk matters and receives and reviews the auditors' reports and management letters, which are one of the main outputs from the external audit.

Independence and objectivity

The Committee is responsible for monitoring and reviewing the objectivity and independence of the external auditor. The Committee places great emphasis on audit quality – encompassing the skills and knowledge of the audit team, their mindset and culture and the quality of the judgements reached by the senior members of the audit team.

In its dealings with the external auditors, the Committee looks for evidence that their work is being completed from a position of independence, with objectivity and professional scepticism. In addition, the Committee considers the views of senior members of the finance team and how they have dealt with the external auditors. The Committee also considered that the non-audit services provided in the year were permissible under the UK Ethical Standard.

Further, EY have their own safeguards in place to avoid compromising their objectivity and independence. EY provide a written report to the Committee on how they have operated in accordance with the ethical standards required of audit firms, and how they have complied with professional and regulatory requirements and best practice to ensure their independence.

The Committee considered its discussions with the external auditors and believes that EY has sufficiently challenged the Group throughout the year, and that it was satisfied with EY's performance.

Non-audit services

A policy is in place that governs the provision of non-audit services provided by the external auditor to the Company, in order to safeguard EY's objectivity and independence. This is only used in certain limited circumstances where it may be cost effective or otherwise advantageous for EY to provide certain non-audit services, for example where their skills, experience and familiarity with the Group make that firm the most suitable supplier.

The Committee monitors compliance with this policy, and the procedures for approval of proposed fees which is as follows:

Chief Financial Officer	Up to £25,000
Chief Financial Officer and Committee Chair	Between £25,000 and £50,000
Chief Financial Officer, Committee Chair and the Board	Over £50,000

There is a cap on the fees for permitted services, which must not exceed 70% of the average of the fees paid for such services in the last three consecutive financial years.

EY was engaged during the year to provide non-audit services to the Group relating to the half year interim statement review.

For FY24, non-audit fees were 21% of audit fees (FY23: 20%) and were 28% (FY23: 14%) of the average audit fees for the preceding three years. None of the non-audit services provided by the external auditors was regarded as a significant engagement by the Committee.

The fees paid to the external auditor for both audit and non-audit services are set out in note 4 to the financial statements on page 147.

Effectiveness of the external auditors and proposal for re-election at the AGM

The Committee is satisfied that the external auditors remain fully independent, objective and effective and has recommended to the Board that a resolution of the reappointment of Ernst & Young LLP should be put to the shareholders at the 2024 AGM.

Internal Audit

Internal auditors

The internal audit function provides an important assurance role and is complementary to the work of the external auditors. PricewaterhouseCoopers LLP (PwC) have provided internal audit services to the Group since FY14. The personnel involved in the internal audit team have changed over their tenure, and the Committee is satisfied that they have maintained independence.

The Committee oversees the appointment of the internal auditors, and also reviews and approves the internal audit charter, the annual programme of audit assignments, as well as the fees payable. The annual internal audit plan is aligned with the Company's risk register and forms part of a medium-term rolling programme of audit assignments, predicted on a risk-led approach. The Committee meets regularly with the internal auditors, without management, to discuss their findings, the implementation of remedial actions and the Group's internal control environment more generally.

The FY24 internal audit plan was approved by the Committee in March 2023 and kept under review during the year. All of the internal audit assignments were completed during the year, other than one review which was completed shortly after the year end focusing on data maturity, which management would look to fully incorporate the recommended actions into ongoing work streams for improvement. Following its review by the Executive Leadership Team, the Committee in March 2024 considered and approved the internal audit charter and plan for FY25.

A review of the effectiveness of the internal auditors was completed and presented to the Committee in July 2024. This was undertaken by means of a questionnaire circulated to those audited in the year, senior members of the Finance function and the Committee, and supplemented the Committee's ongoing monitoring of PwC's work. The Committee concluded that the internal auditors quality of work, experience and expertise was appropriate for the size of the business and that PwC performed effectively and constructively with management. The Committee were also satisfied that the actions management had taken to implement agreed improvement actions supported the effective working of the internal audit function.

Internal control and risk management

Internal control

The Committee oversees the implementation and maintenance of the Group's internal controls, with a particular focus on internal financial controls. It does so through reports received from the internal auditors and any reports from the external auditors on internal control matters noted as part of their audit work.

In addition, the Group operates a system of annual self-assessment of internal policy and control declarations. These are made at various levels of management and detail and certify that the control environment in their business area is appropriate and functioning. Any non-conformances are notified as part of this process and, where remedial actions are appropriate, these are followed up by senior management to ensure that a satisfactory internal control environment is maintained.

These controls and procedures are designed to manage, but not eliminate, the risk of failure of the Group to meet its business objectives and, as such, provide reasonable but not absolute assurance against material misstatement or loss.

Internal controls over financial reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting, including over the Group's consolidation process. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes.

A comprehensive strategic planning, budgeting and forecasting system is in place which includes:

- Senior management review of monthly financial information including trading results and cash flow statements, which is reported to the Board
- The ELT undertakes a monthly review performance against the budget and forecast
- Senior financial managers regularly carry out Group consolidation reviews and analysis of material variances.

Risk management

The key elements of the Group's risk management framework and procedures are set out on pages 56 and 63. The Committee reviewed the principal risks facing the Group at each meeting, and reviewed emerging risks throughout the year, on receipt of reports from the Risk Committee. In addition, each of the principal risks is discussed by the Board during the year.

Combined assurance model

The Group's internal control environment operates a 'three lines' model, which the Committee monitors throughout the year:

- First line of defence: work undertaken by operational and line management, supported by local operating procedures and systems.
- Second line of defence: central function checks against Group policies and standards, and senior management assurance, reporting and monitoring. This work is enhanced by the independent audits that take place across a range of areas as part of our programme of BnEi and ISO accreditations and certifications.
- Third line of defence: the internal audit function focusing on the processes and procedures followed locally and Group-wide.

By reviewing the collective outputs from these sources of assurance, the Committee and the Board gain ongoing assurance over the design and operation of internal controls across the Group.

Effectiveness review: internal control environment

On behalf of the Board, the Committee is responsible for reviewing the effectiveness of the Group's internal control systems, which covers all material controls, including financial, operational and compliance controls and which operates within the corporate culture and values set by the Board.

A formal effectiveness review was performed during the year and considered by the Committee, which concluded that none of the areas identified for enhancement constituted a significant failing or weakness for the Group.

Mark Hoad
Chair of the Audit Committee

24 July 2024

Risk Committee report

Our role is to support the Board by leading oversight of the identification and evaluation of the risks facing the Group and monitoring how these are managed.

Committee members and attendance

Current members:

Jon Messent (Chair)
Clive Vacher
Natasha Bishop
Ruth Euling
Dean Moore
Dave Sharratt

Former members:

Rob Harding

- 3 scheduled meetings
- 100% attendance from all members during their membership, with the exception of Dave Sharratt who was unable to attend one meeting due to a prior commitment.

Activities during the period

The Directors have overall responsibility for the Group's systems of internal control and risk management, which includes the identification of the Group's principal and emerging risks. Details of how the Directors fulfil this responsibility and the principal risks the Group faces can be found on pages 56 to 63.

Routine items considered by the Committee at every meeting:

- The Group's principal risks and uncertainties (see pages 58 to 63 for further detail and the status of the mitigating actions and controls relating to those risks)
- Reviews of emerging risks not included in the Group risk register, including 'horizon scanning' sessions.

In addition, the following matters were also considered during the period:

- Review of the risk disclosures and the Committee's report within the 2023 Annual Report
- Review of the risk disclosures within the FY24 Interim Report
- 'Deep dive' sessions with operational or functional risk owners:
  - Loss of key sites or process
  - A failure in the supply chain with a specific focus into the current cylinder strategy and non-contracted key supplier spend
  - Bribery & Corruption with a specific focus on new customer due diligence processes
- Performance of, and communications between, our divisional and central enabling functions' risk committees
- Insurance market conditions, particularly in relation to cyber risks insurance and directors' and officers' liability insurance
- Business continuity planning
- Review of our risk management policy and framework
- Review of the Committee's effectiveness.

The Committee's work interfaces with that of a number of other Board Committees, most notably the Audit Committee. The Committee Chair reports on the material matters discussed at each Committee meeting to the next meeting of the Audit Committee. The minutes of meetings of the Risk Committee are shared with the Directors. Feedback from the Board or Audit Committee is shared at the next Committee meeting. The Committee is supported in its work by other management meetings and committees, including divisional and central enabling functions' risk committees and other meetings and bodies dealing with specific risk areas such as sanctions, HSE and security and the Ethics Committee.

Jon Messent
Chair of the Risk Committee

24 July 2024

Principal responsibilities

- Monitor and develop the Group's risk management policy and oversee the implementation of its risk management framework for identifying and managing risks
- Promote a risk management culture and control environment
- Identify and keep under review the principal risks faced by the Group, and review the related mitigations and controls
- Identify and assess any emerging or developing risks
- Review the effectiveness of the Group's risk management system
- Provide reports on the status of risk management to the Audit Committee and Board, and externally through the Annual Report.

Operation of the Committee

The Committee comprises the Executive Directors and ELT members and is chaired by the Company Secretary. Jon Messent became Chair of the Committee on 18 May 2023, and Dean Moore became a member on 4 August 2023 upon his appointment as Interim Chief Financial Officer. Rob Harding left on 28 July 2023.

At the request of the Committee Chair, the Group Director of Security, HSE and Risk and other managers with operational or functional ownership of risks are invited to meetings as appropriate.

Ethics Committee report

Doing business in the right way is crucial for us to be successful on a sustainable basis over the long term.

Committee members and attendance

Current members:

Clive Whiley (Chair)
Nick Bray
Mark Hoad
Brian Small

Former members:

Kevin Loosemore
Catherine Ashton
Margaret Rice-Jones
Dean Moore

- 2 scheduled meetings
- 100% attendance from all members during their membership

Activities during the period

During the period to 30 March 2024, the Committee focused on the following activities:

Code of Business Principles (CBP)-related initiatives, including:
- The roll-out of the new CBP following its launch in January 2023
- Monitoring the completion of compliance training courses including anti-bribery and corruption, gifts & hospitality, tax evasion, competition law, modern slavery and sanctions awareness
- Ongoing and planned awareness-raising initiatives and training to ensure expected ethical standards are maintained and further embedded throughout the organisation

The management of the third party sales partners (TPP) programme including:
- The TPP remuneration model
- Enhanced TPP compliance and risk mitigation mechanisms
- Reviewing the ongoing activities and management of TPPs

Oversight of other business ethics matters:
- Update on activities related to the ISO 37001 anti-bribery management system and the Banknotes Ethics Initiative (BnEI) accreditations
- Review of sanctions risks and actions undertaken or planned to manage those risks, including the implementation of an enhanced due diligence and sanctions monitoring system
- Review of the gift register for Executive Directors
- Review of reports on issues raised through the whistleblowing hotline – CodeLine – and other channels and review of results of any investigations into ethical or compliance breaches or allegations of misconduct

Ethical risks

It is vital that we uphold the highest ethical standards in the way we conduct our business in order to maintain the trust and confidence of customers and everyone we deal with. We recognise that our business is exposed to risks of unethical conduct because of the nature and value of many of our contracts, and because standards of integrity may not be consistent across all the countries in which we operate. We have a robust compliance programme in place to manage these risks. Further information, including a description of our ethical framework can be found in the Responsible business report on pages 42 to 45.

Principal responsibilities

- Oversee, on the Board's behalf, the Group's compliance with ethical business practices, including the appointment and remuneration of our Third Party sales Partners (TPPs)
- Assist the Board to fulfil its oversight responsibilities in respect of ethical matters, with the aim that the Group conducts is business with integrity and honesty
- Advise the Board on the identification of ethical risk and the development of strategy and policy on ethical matters
- Monitor compliance with the Company's policies and procedures on ethical matters, including the operation of its whistleblowing hotline
- Oversee the investigation of any material irregularities identified or reported and review any subsequent findings and recommendations, and report this to the Board.

Ethics Committee report continued

Operation of the Committee

The Committee is comprised of our independent Non-executive Directors. Kevin Loosemore retired from the Board and the Committee on 1 May 2023 and Clive Whiley joined the Board and became Chair of this Committee on 18 May 2023, with Brian Small joining the Committee on 8 September 2023. Catherine Ashton and Margaret Rice-Jones retired from the Board and the Committee on 12 June 2023 and 7 September 2023 respectively.

The Chief Executive Officer, Interim Chief Financial Officer and other senior management may attend meetings at the invitation of the Committee Chair. Members of the Executive Leadership Team and other employees, including senior members of divisional leadership teams and the Ethics Director may be asked to attend from time-to-time to address specific matters.

Training

Regular, relevant and focused training on ethics-related subjects is important and the Committee receives regular reports about our ethics and compliance training programme. Training during the period included:

- E-learning and face-to-face training relating to the roll-out of the new Code of Business Principles, including acknowledgement by colleagues that they understand and will comply with it
- Anti-bribery and competition law training where relevant for new starters and those changing roles and bi-annual refresher anti-bribery training
- E-learning and face-to-face sanctions awareness training
- Online training modules for TPPs
- One-to-one training for new site Ethics Champions
- Modern slavery awareness training
- Confirmation of understanding of and adherence to gifts and hospitality policy

Whistleblowing

We encourage all employees and people acting on our behalf to speak up if they have any concerns. Ethical questions or concerns can be raised through an externally operated confidential reporting service.
All reports are taken seriously and investigated as appropriate and all findings and remedial actions are reported in detail to, and reviewed by, the Ethics Committee.

Clive Whiley
Chair of the Ethics Committee

24 July 2024

Remuneration

Following approval of our remuneration policy last year, as a Committee we will continue to ensure that our Directors and workforce are incentivised and rewarded for the delivery of sustainable shareholder value and reliable business performance.

Committee members and attendance

Current members:

Brian Small (Chair)
Nick Bray
Mark Hoad

Former members:

Catherine Ashton
Margaret Rice-Jones
Dean Moore

- 4 scheduled meetings
- 100% attendance from all members during their membership

Chair's introduction to Remuneration

This report is presented in three main sections: an annual statement from the Chair of the Committee; the Directors' remuneration policy; and the annual report on remuneration for FY24. The Directors' remuneration policy was approved by shareholders at the AGM on 7 September 2023 and had a binding effect from that date. This policy is not subject to a vote at the 2024 AGM.

Dear Shareholder,

As Chair of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the period ended 30 March 2024, my first as Chair, which has been prepared by the Committee and approved by the Board. I would like to extend my thanks to Margaret Rice-Jones for her contribution and commitment to developing the new remuneration policy.

This is the first year of operation of our new remuneration policy which was overwhelmingly approved by shareholders at the AGM on 7 September 2023.

This year, I would like to focus on two themes: the performance of the Group in the financial year that ended on 30 March 2024 and the application of the remuneration policy for FY25 with reference to the remuneration principles to the wider workforce.

Our guidance for full year adjusted operating profit for FY24 reflected a downturn across the currency industry seen during FY23. The target performance for the business took into consideration the challenging competitive and global economic environment in which we continue to operate.

Principal responsibilities

Remuneration

- Setting and reviewing the remuneration of the Chairman, Executive Directors and senior managers who report to the Chief Executive Officer
- Ensuring that all remuneration paid to Directors is in accordance with the Company's previously approved remuneration policy
- Ensuring that all contractual terms on termination, and any payments made, are fair to the individual and the Company
- Monitoring the reward policies and practices throughout the business

Incentive plans

- Determination of the design, conditions and coverage of annual and long-term incentive plans for Directors and senior executives and approval of total and individual awards under the plans
- Determination of targets for any performance-related pay plans

Governance and compliance

- Ensuring that provisions relating to disclosure of remuneration as set out in the relevant legislation, the UK Listing Rules and the UK Corporate Governance Code are fulfilled

Remuneration continued
Chair's introduction to Remuneration continued

Operation of the Committee

The Committee is comprised of the Company's independent Non-executive Directors.

Catherine Ashton and Margaret Rice-Jones retired from the Board and the Committee on 18 May 2023 and 7 September 2023 respectively. Brian Small joined the Committee as its Chairman on 8 September 2023. Dean Moore was appointed to the Committee on 26 June 2023, relinquishing his role on 4 August 2023 upon his appointment as Interim Chief Financial Officer.

During the year, at the Remuneration Committee Chair's request, the Group HR Director and external advisors are invited to all or part of the meetings as appropriate.

The Committee's effectiveness was reviewed as part of the overall Board effectiveness review. For more information on this, see page 71.

No Executive Director or employee is present for or takes part in discussions in respect of matters relating directly to their own remuneration.

FY24 has seen us achieve the guidance set, reflecting the actions we have continued to take since 2020 to improve our resilience to changing market conditions and the markets we operate in now show signs of recovery.

We have continued to see a high tender win rate in Currency and have built a strong order book for FY25 as the market conditions continue to improve.

Authentication has reported improved revenue and profitability versus the prior year underpinned by strong ID sales.

We were able to extend our banking facilities to July 2025 and agree an amended schedule of contributions towards our pension deficit.

We have continued with our ongoing plans to right-size our banknote facilities to match market demand with a focus on operational efficiency, flexibility, cost and capability. During the year we also completed the wind-down of operations in our Kenya facility.

Investment and expansion in our Malta site continue for both our Currency and Authentication businesses. Management has focused not only on building business success but on strong organisational foundations, including health and safety, diversity, employee engagement and wellbeing, recognising the enormous contribution all our employees have made to securing the future of the business.

Despite continued challenges in speed of market recovery affecting the top line growth the business has reported an operating profit in line with expectations and a net debt position slightly better than expectations.

Under the FY24 Annual Bonus Plan (ABP) there has been limited bonus award payable to Executive Directors, in line with formulaic outcomes.

The Committee is confident that the level of award is representative of the performance of the Group and recognises the significant contribution of the executives in achieving the reported results while reflecting some of the ongoing challenges we continue to address.

We believe that it is vital that executive remuneration is fair and competitive so that the Group continues to attract, motivate and retain the highly talented people required to deliver the challenging targets to which we have committed.

While we continue to experience market challenges and the impact of volatility in the macro environment, we are finding success in our markets allowing us to stabilise our position. This is resulting in a more consistent performance in line with market expectations.

Above all, the Committee's objective is to ensure that our Directors' remuneration policy incentivises and rewards the delivery of sustainable shareholder value and consistent and reliable performance in the business.

Activities of the Committee in the period

- Approval of the Executive Leadership Team (ELT) Group and strategic individual objectives for the year
- Implementation and evaluation of the new Directors' remuneration policy performance
- Review of performance targets for short and long-term incentive plans
- Approval of pay awards for the Chairman, Executive Directors and other ELT members
- Review and approval of the Directors' remuneration report for FY24
- Review of market trends and latest developments in governance
- Review of inclusion principles for ESG in incentives
- Awards under the UK Sharesave scheme
- Review of broader workforce remuneration in consideration of executive remuneration
- Review of the report on gender pay gap and action plan

Structure of Directors' remuneration report

This report is presented in two main sections: a summary of the remuneration policy and the annual report on remuneration for FY24.

A copy of the full remuneration policy approved in 2023 can be found in the 2023 Annual Report on the Company's website: www.delarue.com.

We were extremely pleased that the remuneration policy received a 96.8% positive vote by shareholders in favour of the changes to the policy.

Remuneration continued
Chair's introduction to Remuneration continued

Activities of the business in the period

The primary areas of focus for the business during FY24 have been:

- Increased focus on driving efficiency and greater cost competitiveness
- Proactive procurement strategies to take advantage of the change in paper supply
- Targeted profitable growth and conversion of customers, in key product segments of Polymer, Security Features and both Brand and Government Revenue Solutions ("GRS")
- Ongoing footprint and capacity review adding production capability and flexibility with Malta
- Positive cash management
- Delivering in line with ESG strategy in all areas
- Supporting high levels of employee engagement and communication
- Creating certainty on potential future cost pressures by securing structured pay awards while maintaining focus on balanced rewards and wellbeing support for all employees
- Continuing to align executive an1hareholder interests

Employee experience

During FY24, our operating sites in the UK, Malta, Sri Lanka and the USA remained operational.

In order to reflect market demand, we continued to reduce costs, improve efficiencies and right-size our manufacturing footprint. We made the difficult decision t1educe headcount and make changes to shift patterns in our UK manufacturing sites as well as winding down operations in Kenya.

Employees who were subject to redundancy received outplacement and wellbeing support and were awarded enhanced redundancy payments above the national statutory requirements.

We conducted a pay review for all eligible employees in July 2023 and negotiated further multi-year pay deals for our collectively bargained employees in Malta, Sri Lanka and Westhoughton as well as securing agreement on the July 2023 award for those colleagues in our Debden site.

No Executive Directors received a salary increase during the year. No bonus payments were made under the Annual Bonus Plan during the year in relation to FY23.

We have continued to provide significant wellbeing benefits and support in all locations, including financial, physical and mental wellbeing. We continue to review the provisions in place in order to best support our employees.

We maintained both formal and informal communications channels at site, divisional and Group levels to ensure employees had a choice of mechanisms to share their feedback and ask questions, as well as providing access to regular updates about business performance using online and offline platforms.

Shareholder experience

As reported elsewhere in this annual report, during FY24 the business performance was in line with expectations. The Currency business continued to demonstrate a high tender win rate, providing a strong order book into FY25. Our Authentication business benefited from key contract renewals in GRS, Brand and ID.

The work carried out during the period to stabilise the financial performance of the business has reassured shareholders and resulted in an increase in the share price.

The Board does not expect to pay dividends unless and until the Company is generating sustainable positive free cash flow.

Remuneration outcomes FY24

As discussed elsewhere in this report, following a challenging FY23 and re-setting of expectations into FY24, the business has continued to prioritise profitable sales growth, taking advantage of market improvements while relentlessly continuing to focus on cost and efficiency gains, resulting in reporting an adjusted operating profit of £21.0m in line with market expectations and a net debt ahead of expectations.

Our Currency business delivered a divisional adjusted operating profit of £6.4m thanks to the focus on operational efficiencies in recent years. Our Authentication division achieved positive revenue growth of 12.5% largely due to an increase in ID sales.

Annual Bonus Plan (ABP) scorecard financial measures account for 80% of maximum ABP with the remaining 20% based on achievement against strategic personal objectives including a specific ESG metric.

While delivering in line with market expectations and exceeding the operating profit underpin set under the ABP, performance did not trigger the entry point targets. The ABP financial metrics were set at a stretching level higher than market expectations. However, payment for delivery against strategic personal objectives was determined under the Plan rules.

Further details on our performance against bonus measures is set out on page 101.

Remuneration continued
Chair's introduction to Remuneration continued

We still believe that measures for ABP are the right ones and believe that the balance of remuneration between both short- and long-term incentives is appropriate for the business.

The performance period for the PSP awards granted in 2021 concluded during the year. Performance did not meet threshold levels and therefore none of these awards have vested.

The Committee reviewed all remuneration outcomes in the context of the business outcomes and the experience of the shareholders and the wider workforce. In all cases it decided not to adjust the formulaic outcomes.

We are pleased that our previous remuneration report was supported by shareholders at the AGM on 7 September 2023, with 99.52% of votes cast in favour.

We welcome and are grateful for the constructive feedback our shareholders have provided in the last year, which has informed our deliberations and helped shape our approach to remuneration.

Executive Director changes

As announced previously, Rob Harding resigned as Chief Financial Officer and left the business on 28 July 2023. Dean Moore joined the Board on 26 June 2023 as Non-executive Director, and subsequently relinquished this role to be appointed as Interim Chief Financial Officer on 4 August 2023.

Priorities for FY25

The work of the Committee in FY25 will continue to focus on ensuring that executives are fairly rewarded for their contribution to the Group and incentivised to deliver returns for shareholders, while driving a strong culture aligned to its Environment, Social and Governance (ESG) strategy. The Committee is supportive of the continued inclusion of a specific ESG metric in the ABP. Key metrics on health an1afety, diversity and specific step1o support the environmental sustainability journey will also continue to form part of personal strategic objectives for Executive Directors and the wider management population.

I trust you will find this report clear and informative, and that the Committee can continue to receive your support at this year's AGM.

Current ABP structure and weighting %

Revenue	20%
Profit	30%
Net debt	30%
Strategic ESG objective	10%
Strategic personal objectives	10%

Brian Small
Chair of the Remuneration Committee

24 July 2024

Compliance statement

This report has been prepared on behalf of, and has been approved by, the Board. It complies with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) as amended, the UK Corporate Governance Code and the FCA's Listing Rules and takes into account the policies of shareholder representative bodies.

The Companies Act 2006 and the Listing Rules require the Company's auditor to report on the audited information in their report, and to state that this section has been properly prepared in accordance with these regulations.

Directors' remuneration policy

Summary of remuneration policy

The overriding objective of the remuneration policy is to encourage, reinforce and reward the delivery of sustainable shareholder value while providing an effective mechanism to attract, retain and motivate executives and senior management to deliver long-term growth and value.

The Remuneration Committee believes executives should be rewarded through performance-related pay scales that are commensurate with the delivery of value for the business and with annual increases comparable to awards across the majority of the workforce.

Incentives and particularly long-term incentives should account for a significant proportion of the overall remuneration package of Executive Directors so that their reward is aligned with shareholder interests and the Group's performance, without encouraging excessive risk-taking.

Performance-related elements of remuneration therefore form a significant proportion of the total remuneration packages. This is illustrated on this page.

The Committee continues to take into account performance on Environmental, Social and Governance (ESG) matters with annual bonus having a direct link to both delivery against strategic personal objectives and a specific measurable ESG target.

Note:
* Median performance vs FTSE 250 three year performance

Illustration of the application of remuneration policy

The following charts illustrate the potential value of the Executive Directors' remuneration package in various scenarios in a typical year. Salary levels are as at 30 March 2024.

Dean Moore as an Interim Chief Financial Officer does not receive any variable pay.

Remuneration continued
Directors' remuneration policy continued

Illustrative scenario charts

Performance scenarios for the ABP and LTIP assume the following:

Minimum	Target	Maximum	Maximum with share growth of 50%
There is no cash bonus or deferred share award under the ABP or vesting under the Long Term Incentive Plan	Target cash bonus and deferred shares under the ABP, target vesting under the Long Term Incentive Plan	Maximum cash bonus, maximum deferred shares under the ABP, maximum vesting under the Long Term Incentive Plan	Maximum cash bonus, maximum deferred shares under ABP, maximum vesting under the Long Term Incentive Plan with share price growth of 50%

Assumption for scenario charts:

Minimum	Target	Maximum	Maximum with share growth of 50%
Fixed pay (base salary, benefits and pension)	Fixed pay (base salary, benefits and pension)	Fixed pay (base salary, benefits and pension)	Fixed pay (base salary, benefits and pension)
No bonus payout	50% of maximum bonus opportunity (67.5% of salary for CEO, 57.5% of salary for CFO and other Executive Directors)	100% of maximum bonus opportunity (135% of salary for CEO, 115% of salary for CFO and other Executive Directors)	100% of maximum bonus opportunity (135% of salary for CEO, 115% of salary for CFO and other Executive Directors)
No vesting under ABP or the Long Term Incentive Plan	60% will be payable immediately in cash and 40% will be deferred in shares	60% will be payable immediately in cash and 40% will be deferred in shares	60% will be payable immediately in cash and 40% will be deferred in shares. 40% of ABP deferred shares vesting valued at 60%
	25% of shares vesting (25% of salary for CEO and CFO and other Executive Directors)	100% of shares vesting (100% of salary for CEO, CFO and other Executive Directors)	100% of shares vesting valued at 150%

Executive Director remuneration mix FY25

Based on the above performance scenarios the table below illustrates that a significant proportion of Executive Directors' remuneration is biased towards variable pay at maximum:

		% of pay at minimum achieved	% of pay at target achieved	% of pay at maximum achieved
CEO	Fixed	100	55	33
	Variable	–	45	67
MD, Currency	Fixed	100	58	35
	Variable	–	42	65
CFO	Fixed	100	100	100
	Variable	–	–	–

The remuneration mix above is based on the remuneration policy as it is intended to be operated for FY25. For further information on the Directors' remuneration policy please see www.delarue.com. Dean Moore as an Interim Chief Financial Officer does not receive any variable pay.

Remuneration continued

Annual Report on remuneration

This section of the Directors' remuneration report shows how the Remuneration Committee implemented the policy on Directors' remuneration in the year ended 30 March 2024 including all elements of remuneration received by Executive Directors and the incentive outturns for FY24.

Single figure of remuneration for each Director (audited)

The table below shows how we have applied the current remuneration policy during FY24. It discloses all the elements of remuneration received by the Directors during the period.

	Fixed							Variable						
	Salary and fees[a]		Benefits (excluding pensions)[b]		Pensions[e]		Total Fixed	Bonus[c]		Long term incentive (vested)[d]		Total Variable	Total	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2024 £'000	2023 £'000
Executive Directors														
Clive Vacher	480	477	28	28	48	48	556	66	–	–	–	–	622	553
Ruth Euling[f]	154	265	9	37	16	–	179	21	–	–	–	–	200	302
Dean Moore[h]	235	–	–	–	–	–	235	–	–	–	–	–	235	–
Rob Harding[i] (Resigned 28 July 2023)	98	291	24	14	6	17	128	–	–	–	–	–	128	322
	967	1,033	61	79	70	65	1,098	87	–	–	–	–	1,185	1,177
Chairman														
Clive Whiley[g]	158	–	38	–	–	–	196	–	–	–	–	–	196	–
Kevin Loosemore (Resigned 1 May 2023)	17	206	–	–	–	–	17	–	–	–	–	–	17	206
Non-executive Directors														
Nick Bray	60	60	–	–	–	–	60	–	–	–	–	–	60	60
Brian Small	34	–	–	–	–	–	34	–	–	–	–	–	34	–
Mark Hoad	56	26	–	–	–	–	56	–	–	–	–	–	56	26
Margaret Rice-Jones (Retired 7 September 2023)	30	65	–	–	–	–	30	–	–	–	–	–	30	65
Catherine Ashton (Resigned 12 June 2023)	10	52	–	–	–	–	10	–	–	–	–	–	10	52
Aggregate emoluments	1,332	1,442	99	79	70	65	1,501	87	–	–	–	–	1,588	1,586

Notes:
The figures in the single figure table above are derived from the following:
a Salary and fees: the actual salary and fees received during the period.
b Benefits (excluding pensions): the gross value of all taxable benefits received in the period, including for example car allowance and private medical and permanent health insurance.
c Bonus: A description of the performance measures that applied for the year FY24 is provided on page 101.
d Long term incentive: no awards have vested for current Executive Directors since appointment.
e Pension: See page 101 for further details of pension arrangements.
f Ruth Euling's 2024 salary is as a result of a change in working hours with effect from April 2023. The value includes a reduction of £4,607 relating to additional holiday entitlement purchased through salary sacrifice.
g The benefits figure for Clive Whiley reflects taxable business expenses.
h For FY24, Dean Moore received £5,857 fees as a Non-executive Director from the period of 27 June 2023 to 4 August 2023 and from 4 August 2023 onwards he received a salary of £229,529 as interim Chief Financial Officer.
i Rob Harding's benefits value includes a payment of £19,739 for outstanding holidays on leaving the business.

Remuneration continued
Annual Report on remuneration continued

Changes in Executive Directors during the year

Chief Financial Officer, Rob Harding, resigned on 31 January 2023 and left employment and the Board on 28 July 2023.

Dean Moore relinquished his role as Non-executive Director and became Interim Chief Financial Officer with effect from 4 August 2023. He is not subject to inclusion in any ABP or LTIP Awards nor does he receive any pension contributions.

Individual elements of remuneration

Base salary and fees (audited)

Base salaries for Executive Directors are normally reviewed annually by the Remuneration Committee and are set with reference to individual performance, experience and responsibilities, Group performance, affordability and market competitiveness.

The Directors' remuneration policy approved by shareholders at the 2023 AGM sets out an expectation that increases in salary for Executive Directors will not normally exceed the range of increases awarded to other employees in the Group except in the specific circumstances listed in the remuneration policy.

The Committee determined that Executive Directors would not receive a pay award during FY24. The change in Ruth Euling's salary figure below is as a result of a change in working hours with effect from April 2023.

	Base salary level July 2023 £'000	Base salary level July 2022 £'000	Increase %
Clive Vacher	480	480	–
Dean Moore	350	–	–
Ruth Euling	159	267	–

The remuneration policy for Non-executive Directors, other than the Chairman, is determined by the Board. The Remuneration Committee determines the Chairman's fee. Fees reflect the responsibilities and duties of Non-executive Directors while also having regard to the marketplace. The Non-executive Directors do not participate in any of the Group's share incentive plans, nor do they receive any benefits or pension contributions. It is the intention that consistent with the policy for Executive Directors, increases for Non-executive Directors would not normally exceed the range of increases awarded to the wider workforce.

The fees for the Non-executive Directors and the Chairman did not increase in FY24. The Committee has determined that no further increase will be made in FY25.

The fees for 2023 are as follows:

Non-executive Director fees

	July 2023 £'000	July 2022 £'000
Basic fee	51.7	51.7
Additional fee for chairmanship of Audit and Remuneration Committees and Senior Independent Director	8	8

External directorships of Executive Directors

The Board considers whether it is appropriate for an Executive Director to serve as a non-executive director of another company. Clive Vacher and Ruth Euling hold no remunerated external directorship appointments. Dean Moore is currently independent Non-executive Director at both Griffin Mining Ltd and THG plc.

Pension contributions (audited)

During FY24 Clive Vacher's pension contributions remained in line with those available to the workforce; he received a pension contribution of 10% on the basis of a 6% individual contribution. All other Executive Directors also received a pension contribution in line with levels available to the workforce, no greater than 10% employer contribution.

None of the Executive Directors in the period were a member of the legacy defined benefit schemes. Clive Vacher and Ruth Euling received a pension contribution of 10% of salary on the basis of a 6% individual contribution, in line with levels available to other UK-based employees.

Rob Harding received a pension contribution of 9% of salary on the basis of 6% individual contribution. Any new Executive Director would likewise receive pension contributions in line with levels available to the workforce.

Variable remuneration (audited)

Annual bonus for FY24

The Annual Bonus Plan for FY24 was issued with the following financial structure and targets:

Measure	Threshold	Target	Maximum	Actual	% of maximum achieved
Group revenue	£325.5m	£333m	£385.0m	£310.3m	0%
Group adjusted operating profit	£22.3m	£26.5m	£30.0m	£21.0m	0%
Average net debt	£95.6m	£88m	£83.0m	£99.3m	0%

Remuneration continued
Annual Report on remuneration continued

All financial metrics, Group revenue, adjusted operating profit and average net debt were based on an entry point set at the upper end of consensus expectation and maximum award being achieved at a stretch target significantly above market expectations. While the Group adjusted operating profit underpin was met, and the Committee was therefore satisfied that it was appropriate for the non-financial elements to pay out. The specific financial targets under the ABP for FY24 outlined above were not met and as such no award will be made under the plan in relation to the financial metrics.

Eighty per cent of award is linked to the achievement of the financial metrics, 10% of the Executive Directors' bonus is based on achievement of strategic personal objectives and a further 10% is linked to achievement of a specific ESG metric. Personal strategic objectives were aligned to the delivery of the strategic plan and comprised of both tactical and transformational targets focused on the achievement of core strategic priorities. ESG metrics are based on formulaic outcomes. The detail of the objectives, for all Executive Directors, which were consistently aligned, are outlined below:

Summary of personal strategic objectives	*Summary of performance*
Grow repeatable and profitable business – Deliver an improved order book beyond FY24 budget expectations – Win key and critical contracts and extensions in both Currency and Authentication – Secure refinancing by end December 2023	**Achieved** – Improved order book into FY25 was achieved – All key and critical contracts and contract extensions won – Refinancing extension agreed
Drive efficient operations and continued removal of legacy issues – Ensure the business is positioned to be cash generative by FY25 – Develop organisational structure and footprint to deliver further cost reduction and efficiency in FY24	**Partially achieved** – Net debt was £89.4m at 30 March 2024, which is an improved performance against budget and external expectation. – Continued cost saving and efficiency projects ran during FY24 delivering further in year savings
ESG – Ensure suppliers accounting for 80% of total procurement spend are on EcoVadis	**Partially achieved** – 50% of total spend suppliers have engaged in an EcoVadis assessment
Component 20% of maximum award	*Award partially achieved*

In reaching its decision on ABP outcome, the Committee considered the formulaic outcome of the targets as well as the Company's underlying financial, operational and strategic progress during the year, and the Executive Directors' personal contribution to the delivery of the strategic objectives. The Committee also took into account wider stakeholder perspectives. The Committee considered that the formulaic outcomes for Executive Directors were reflective of the underlying business performance. As a result, it was determined that Clive Vacher will receive an award of 13.5% and Ruth Euling will receive 13.2% of salary.

Long-term incentive – Performance Share Plan (PSP) and Investor Return Plan (IRP)

During FY24, the long-term incentives were implemented under the new policy approved at the AGM in 2023. The LTIP awards were issued as a combination of Performance Share Plan (PSP) and Market Value Share Options. Awards under the existing Performance Share Plan are subject to two performance conditions (free cash flow and EPS) both equally weighted and measured over three year periods. The market value options granted under the new Investor Return Plan will be subject to an underpin that our Total Shareholder Return at least equals the return of the FTSE Mid-250 (excluding Investment Trusts) Index measured over a three-year performance period.

This is a share settled long-term incentive aligned closely with business strategy and the interests of shareholders through the performance measures chosen and the link to share price growth. The plans are designed to provide Executive Directors and selected senior managers with a long-term incentive that promotes sustainable and long-term performance and reinforces alignment between participants and shareholders.

Performance measures applying to long-term incentives

In 2020, the PSP measures were revised and RTSR (Total Shareholder Return relative to FTSE 250 companies, measured over three years) was used instead of ROCE alongside the previous EPS metric.

From 2023, PSP awards were subject to performance conditions based on average growth in adjusted basic EPS and average free cash flow measured over three financial years.

IRP awards are subject to an RTSR underpin linked to median performance vs the FTSE 250 measure over a three-year period.

Remuneration continued
Annual Report on remuneration continued

IRP awards would give participants the right, but not obligation, to buy shares at a set price after a three-year vesting period and an opportunity to hold for a further seven years prior to exercise. Value of options under the IRP would be commensurate with a portion of the total award for executives applying a fair value same date grant.

In addition, the Remuneration Committee must be satisfied that the vesting reflects the underlying performance of the Group and retains the flexibility to adjust the vesting amount to ensure it remains appropriate.

Any adjustments will depend on the nature, timing and materiality of any contributory factors.

PSP award vesting in FY24

PSP grants made in 2021 outlined below have not met performance criteria and therefore no awards vested under the PSP in FY24 for any Executive Director.

LTIP awards made in 12 October 2023 (audited)

The Committee granted awards under the PSP and IRP on 12 October 2023 to participants including the Executive Directors who were eligible.

The Remuneration Committee took into consideration recent shareholder experience when granting the LTIP award in 2023. Following the shareholder experience of a fall in the share price and the relatively low share price at point of grant, the Committee determined that for the 2023 award the IRP plan would be subject to a premium price of 80p, ensuring that executives are awarded for share price growth reflecting appropriate shareholder return.

The measures and targets were confirmed at the time of grant via a Regulatory News Service announcement.

Executive Directors received IRP awards during FY24 as follows:

Executive Director	Number of shares awarded	Date of award	% of salary	Face value £'000[1]	Exercise price[2]	Performance period end date
Clive Vacher	640,878	12 October 2023	60	397	£0.80	October 2026
Ruth Euling	212,079	12 October 2023	60	131	£0.80	October 2026

Notes:
1 The number of shares awarded was calculated by reference to a price of 62 pence, being the average of the closing middle market price of the share for the five consecutive dealing days including and ending on 11 October 2023.
2 In addition to the 80p premium exercise price, in order for IRP option awards to be exercisable, a performance underpin of three year TSR greater than the median of the FTSE 250 index must be achieved.

Executive Directors received PSP awards during FY24:

Executive Director	Number of shares awarded	Date of award	% of salary	Face value £'000	Vesting at threshold (as a % of maximum)	Performance period end date
Clive Vacher	309,602	12 October 2023	40	192	25	October 2026
Ruth Euling	102,454	12 October 2023	40	64	25	October 2026

All PSP options were granted as nil-cost options, with the number of shares based on a percentage of salary and the average share price over a five-day period prior to the date of grant, being 62p. The Remuneration Committee may add dividend shares that would have accrued during the performance period and extended vesting period on that part of the award that may ultimately vest.

The IRP and PSP awards were made to the Executive Directors at a level equivalent to a face value of 100% made in PSP shares, having calculated a theoretical fair value of an IRP option (taking into account the 80p exercise price) in order to determine an exchange ratio between PSP shares and IRP options.

A summary of the performance levels and award vesting levels that apply to awards under the 2021-2023 LTIP awards are shown in the table below:

Year of award	Measure	Vesting % of element at threshold	Vesting % of element at maximum	Performance target at threshold	Performance target at maximum
2023 (PSP)	EPS[1]	25	100	3p	5p
	Free cash flow[2]	25	100	£10m	£15m
2023 (IRP)	RTSR underpin[3]	100	100		
2022	EPS[1]	25	100	13.9%	21.9%
	RTSR	25	100	Median	Upper Quartile
2021	EPS[1]	25	100	8.5%	16.7%
	RTSR	25	100	Median	Upper Quartile
2020	EPS[1]	25	100	11%	19.2%
	RTSR	25	100	Median	Upper Quartile

Notes:
1 Underlying earnings per share. Based on average annual cumulative growth during the performance period.
2 Free cash flow is net cash flow from operating activities (operating cash flow including tax, interest and dividends from JVs) less capex.
3 RTSR underpin: median TSR performance vs FTSE 250 3 year TSR performance.

Remuneration continued
Annual Report on remuneration continued

Implementation of the remuneration policy in FY25

The remuneration arrangements in FY25 will operate in line with our remuneration policy. To better align with strategic outcomes, we will measure closing net debt in place of average net debt in FY25.

Salary and benefits

The Committee has determined Clive Vacher will be awarded a salary increase of 3% in line with the wider workforce. Ruth Euling will be awarded 5% increase reflective of her contribution and current pay positioning. Both will be effective from 1 July 2024.

The Committee remains aware of the need for salary levels to continue to be competitive and commensurate with performance.

Annual Bonus Plan FY25

The Remuneration Committee has carefully considered bonus performance measures for FY25 and concluded that the current measures set out in the table on page 97 remain highly relevant.

Revenue, adjusted operating profit and closing net debt targets ensure focus remains on maintaining profitable growth and strong cash management. Cost competitiveness and improved efficiency also remain a key priority, alongside a targeted increase in order intake, supporting growth in both Currency and Authentication. Financial targets will remain in line with the adjusted market expectations to ensure that executives remain incentivised and rewarded for delivering in line or better than the plans as set out. As outlined in the policy and applied in prior years a 20% weighting on non-financial strategic targets inclusive of a specific ESG metric has been applied ensuring that Executive Directors are incentivised on both the delivery of clear financial metrics and good management of the underlying business.

The current maximum entitlement of the Chief Executive Officer under the ABP remains 135% of salary and other Executive Directors remains at 115% of salary.

Structure & weighting	Weighting
Revenue	20%
Adjusted operating profit	30%
Closing net debt	30%
Group strategic ESG	10%
Group strategic personal objectives	10%

No payment will be made on any element of bonus (including the personal element) if a minimum adjusted operating profit is not achieved.

Personal strategic objectives for the Chief Executive Officer and other Executive Directors are focused again on targeted strategic objectives aligned to the business strategy and plan aimed at:

- growing repeatable and profitable business in all market sectors
- driving efficient operations with continued targeted removal of legacy issues and strong focus on ESG and values
- investing for the future, developing differentiation in all market sectors, exploring adjacent market opportunities and delivering next generation product development

The Committee will assess the achievement of the detailed objectives that underpin these goals on a quantifiable and objective basis and to have clear retrospective disclosure in the Directors' remuneration report.

The Committee will rigorously review incentive outturns and will consider the overall performance of the business, not just the outcome of each measure.

The specific performance targets are not disclosed while still commercially sensitive but will be disclosed the following year.

Performance measures applying to LTIP Awards to be made in 2025

Awards to be made in FY25 as outlined below, in accordance with the Remuneration Policy.

	Performance measure	Weighting	Entry pay-out	Target pay-out	Stretch pay-out
PSP	EPS	20%	0%	50%	100%
	Free cash flow	20%	0%	50%	100%
IRP	RTSR underpin Median performance vs FTSE 250 (three-year performance).	Equivalent to 60% of award on a relative fair value calculation	100% awarded if underpin met		

Remuneration continued
Annual Report on remuneration continued

Further work is underway to calibrate performance targets. Full details of these will be disclosed via an RNS announcement at the time of award.

The award will vest on the third anniversary of the grant of the award, subject to meeting performance criteria, but any shares which vest will be subject to a further two year holding period and only become capable of exercise on the fifth anniversary of the grant of the award.

Shareholding requirements

Executive Directors are required to build up a shareholding equivalent to 200% of salary over a five year period. It is intended that this is met by Executive Directors retaining 100% of vested post-tax Deferred Bonus shares, restricted shares and performance shares until the requirement is met in full.

The policy has a post-employment shareholding requirement of 200% of salary (or the actual shareholding if lower) for the first year following exit and 50% of this guideline level for the second year following exit.

Executive Directors' service contracts

The table below summarises the notice periods contained in the service contracts for Executive Directors in office as at 30 March 2024.

Year of award	Date of contract	Date of appointment	Notice from Company	Notice from Director
Clive Vacher	6 October 2019	7 October 2019	6 months	6 months
Ruth Euling	1 April 2021	1 April 2021	6 months	6 months
Dean Moore	4 August 2023	4 August 2023	3 months	3 months

Non-executive Directors' letters of appointment

The Chairman and Non-executive Directors have letters of appointment rather than service contracts.

Non-executive Director	Date of appointment	Current letter of appointment end date
Catherine Ashton	22 September 2020	n/a
Nick Bray	21 July 2016	AGM 2025
Kevin Loosemore	2 September 2019	n/a
Margaret Rice-Jones	22 September 2020	n/a
Clive Whiley	18 May 2023	18 May 2026
Dean Moore	26 June 2023	n/a
Brian Small	8 September 2023	8 September 2026
Mark Hoad	13 September 2022	29 September 2025

Kevin Loosemore, Catherine Ashton and Margaret Rice-Jones resigned from the Board on 1 May 2023, 18 May 2023 and 7 September 2023 respectively. Dean Moore relinquished his role as Non-executive Director to become Interim Chief Financial Officer on 4 August 2023.

Remuneration continued
Annual Report on remuneration continued

Payments for loss of office (audited)

There were no payments for loss of office during the period.

Directors' interests in shares (audited)

The Directors and their connected persons had the following interests in the ordinary shares of the Company at 30 March 2024:

			Variable						
			Subject to performance conditions		Not subject to performance conditions			Vested shares	
	Current shareholding ordinary shares (held outright)	Current shareholding as % of salary	Performance Share Plan	Investor Returns Plan	Performance Share Plan	Deferred Bonus Plan	SAYE	Vested shares unexercised during the period	Vested shares exercised during the period
Executive Directors									
Clive Vacher[4]	303,123	51	1,033,022	640,878	–	67,315	29,925	–	–
Dean Moore[1]	–	0	–	–	–	–	–	–	–
Ruth Euling[4]	85,402	45	500,329	212,079	–	31,844	–	10,131	11,023
Rob Harding (Resigned 28 July 2023)	36,487	n/a	–	–	–	–	–	–	–
Non-executive Chairman									
Clive Whiley[2]	200,000	n/a	–	–	–	–	–	–	–
Kevin Loosemore (Resigned 1 May 2023)	947,840	n/a	–	–	–	–	–	–	–
Non-executive Directors									
Nick Bray	–	n/a	–	–	–	–	–	–	–
Mark Hoad	50,000	n/a	–	–	–	–	–	–	–
Brian Small[3]	–	n/a	–	–	–	–	–	–	–
Margaret Rice-Jones (Retired 7 September 2023)	–	n/a	–	–	–	–	–	–	–
Catherine Ashton (Resigned 12 June 2023)	–	n/a	–	–	–	–	–	–	–

Notes:
1 Appointed to the Board as an Independent Non-executive Director on 26 June 2023 and as Interim CFO on 4 August 2023.
2 Appointed on 18 May 2023.
3 Appointed on 8 September 2023.
4 On 8 July 2024, awards made to Clive Vacher and Ruth Euling under the Deferred Bonus Plan ("DBP") automatically vested and were released. In line with the rules of the DBP, the Company withheld a proportion of each award and sold sufficient ordinary shares of the Company ("Shares") to fund income tax and national insurance withholdings and the associated dealing costs. The number of Shares then retained by Clive Vacher and Ruth Euling were 35,564 and 16,823 respectively. Following these transactions, Clive Vacher's and Ruth Euling's interests in the Shares of the Company were 338,687 and 102,225 respectively.

Other than as set out in footnote 4 above, there have been no changes in Directors' interests in ordinary shares in the period from 31 March 2024 to 24 July 2024.

All interests of the Directors and their families are beneficial.

The current shareholdings as a percentage of salary during the period are calculated using the closing De La Rue plc share price of 81.5p on 29 March 2024, being the last working day before the end of FY24.

Remuneration continued
Annual Report on remuneration continued

Directors' interests in vested and unvested share awards (unaudited)

The awards over De La Rue plc shares held by Executive Directors under the DBP, PSP, IRP and Sharesave scheme during the period are detailed below:

	Date of award	Total award as at 25 March 2023	Awarded during the year	Exercised during the year	Lapsed/ cancelled during the year	Awards held at 30 March 2024	Awards vested (unexercised) during the year	Strike price (pence)	Market price per share at exercise date (pence)	Date of vesting	Expiry date
Clive Vacher											
Deferred Bonus Plan[1]	Jul 21	63,700	–	63,700	–	–	–	186.16[2]	–	Jul 23	Jul 23
	Jul 22	67,315	–	67,315	–	–	–	78.87[2]	–	Jul 23	Jul 23
	Jul 22	67,315	–	–	–	67,315	–	78.87[2]	–	Jul 24	Jul 24
Performance Share Plan											
	Jul 20	340,187	–	–	340,187	–	–	132.28[2]	–	Jul 23[6]	Jul 30
	Jun 21	239,361	–	–	–	239,361	–	191.76[2]	–	Jun 24[6]	Jun 31
	Aug 22	454,059	–	–	–	454,059	–	84.55[2]	–	Aug 25[6]	Aug 32
	Oct 23	–	309,602	–	–	309,602	–	62.00[2]	–	Oct 26[6]	Oct 33
Investor Returns Plan	Oct 23	–	640,878	–	–	640,878		80.00[5]	–	Oct 26[6]	Oct 33
Total		1,231,937	950,480	131,015	340,187	1,711,215					
Sharesave options[1]	Feb 23	29,925	–	–	–	29,925	–	60.15[4]	–	Apr 26	Sep 26
Dean Moore[7]											
Deferred Bonus Plan[1]	–	–	–	–	–	–	–	–	–	–	–
Performance Share Plan	–	–	–	–	–	–	–	–	–	–	–
Investor Returns Plan	–	–	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–	–	–	–
Sharesave options[1]	–	–	–	–	–	–	–	–	–	–	–

Remuneration continued
Annual Report on remuneration continued

	Date of award	Total award as at 25 March 2023	Awarded during the year	Exercised during the year	Lapsed/ cancelled during the year	Awards held at 30 March 2024	Awards vested (unexercised) during the year	Strike price (pence)	Market price per share at exercise date (pence)	Date of vesting	Expiry date
Ruth Euling											
Deferred Bonus Plan[1]	Jul 21	25,668	–	25,668	–	–	–	186.16[2]	–	Jul 23	Jul 23
	Jul 22	31,845	–	31,845	–	–	–	78.87[2]	–	Jul 23	Jul 23
	Jul 22	31,844	–	–	–	31,844	–	78.87[2]	–	Jul 24	Jul 24
Performance Share Plan	Dec 13[1]	11,023	–	11,023	–	–	–	892.90[2]	–	Dec 16	Dec 23
	Jun 15	2,531	–	–	–	2,531	2,531	541.00[2]	–	Jun 18	Jun 25
	Jun 15	1,799	–	–	–	1,799	1,799	541.00[2]	–	Jun 19	Jun 25
	Jun 16	2,655	–	–	–	2,655	2,655	520.85[2]	–	Jun 19	Jun 26
	Jun 16	1,858	–	–	–	1,858	1,858	520.85[2]	–	Jun 20	Jun 26
	Jun 17	773	–	–	–	773	773	680.10[2]	–	Jun 20	Jun 27
	Jun 17	515	–	–	–	515	515	680.10[2]	–	Jun 21	Jun 27
	Jul 20	181,433	–	–	181,433	–	–	132.28[2]	–	Jul 23[6]	Jul 30
	Jun 21	135,586	–	–	–	135,586	–	191.76[2]	–	Jun 24[6]	Jun 31
	Aug 22	252,158	–	–	–	252,158	–	84.55[2]	–	Aug 25[6]	Aug 32
	Oct 23	–	102,454	–	–	102,454	–	62.00[2]	–	Oct 26[6]	Oct 33
Investor Returns Plan	Oct 23	–	212,079	–	–	212,079	–	80.00[5]	–	Oct 26[6]	Oct 33
Total		679,688	314,533	68,536	181,433	744,252	10,131				
Sharesave options	–	–	–	–	–	–	–	–	–	–	–
Rob Harding (Resigned 28 July 2023)											
Deferred Bonus Plan[1]	Jul 21	17,217	–	17,217	–	–	–	186.16[2]	–	Jul 23	Jul 23
	Jul 22	35,042	–	35,042	–	–	–	78.87[2]	–	Jul 23	Jul 23
	Jul 22	35,043	–	–	35,043	–	–	78.87[2]	–	Jul 24	Jul 24
Performance Share Plan	Jul 20	207,892	–	–	207,892	–	–	132.28[2]	–	Jul 23[6]	Jul 30
	Jun 21	146,276	–	–	146,276	–	–	191.76[2]	–	Jun 24[6]	Jun 31
	Aug 22	277,480	–	–	277,480	–	–	84.55[2]	–	Aug 25[6]	Aug 32
Investor Returns Plan	–	–	–	–	–	–	–	–	–	–	–
Total		718,950	–	52,259	666,691	–					
Sharesave options[8]	Jan 21	8,704	–	–	8,704	–	–	131.10[3]		Mar 24	Aug 24
	Jan 22	2,689	–	–	2,689	–	–	112.43[3]	–	Mar 25	Aug 25

Notes:
1 These awards do not have any performance conditions attached. No award was made under the Deferred Bonus Plan during 2023.
2 Mid-market share value of a De La Rue plc ordinary share averaged over the five dealing days immediately preceding award date.
3 For Sharesave options, the share price shown is the exercise price which was 80% of mid-market value of an ordinary share averaged over the three dealing days immediately preceding award date.
4 For Sharesave options, the share price shown is the exercise price which was 90% of mid-market value of an ordinary share averaged over the three dealing days immediately preceding award date.
5 For the Investor Returns Plan, the share price shown is the exercise price which has been set at 80p, a premium of 29% to the share price of 62p at the time of grant.
6 Three-year vesting period post award date plus a further two-year holding period subject to the award vesting.
7 Appointed to the Board as an Independent Non-executive Director on 26 June 2023 and as Interim CFO on 4 August 2023.
8 Sharesave options do not have any performance conditions attached.

Remuneration continued
Annual Report on remuneration continued

Chief Executive Officer pay, Total Shareholder Return (TSR) and all employee pay

This section of the report enables our remuneration arrangements to be seen in context by providing:
- A history of De La Rue's Chief Executive Officer's remuneration for the current and previous nine years
- De La Rue's TSR performance for the 10 years to 30 March 2024
- A comparison of the year on year change in De La Rue's Chief Executive Officer's remuneration with the change in the average remuneration across the Group
- A year on year comparison of the total amount spent on pay across the Group with profit before tax and dividends paid

Chief Executive Officer's pay

Period ended March	2014	2015	2016	2017	2018	2019	2020	2020	2021	2022	2023	2024
Chief Executive Officer	Tim Cobbold[1]	Martin Sutherland[2]	Martin Sutherland	Martin Sutherland	Martin Sutherland	Martin Sutherland	Martin Sutherland[2]	Clive Vacher[3]	Clive Vacher	Clive Vacher	Clive Vacher	Clive Vacher
Single figure of total remuneration £'000	1,071	1,071	998	899	783	954	340	249	1,106	792	542	622
Annual bonus payout as a % of maximum opportunity	Nil	14	57	40	Nil	29	Nil	Nil	98	42	Nil	10
LTIP vesting against maximum opportunity (%)	60	Nil	Nil	Nil	25	25	Nil	Nil	Nil	Nil	Nil	Nil

Notes:
1 Appointed Chief Executive Officer on 1 January 2011 and resigned on 29 March 2014. Includes award to the value of £450,000 at the date of award under the Recruitment Share Award (which vested on 31 January 2014).
2 Appointed 13 October 2014, resigned on 7 October 2019.
3 Appointed 7 October 2019.

TSR performance

The graph below shows the value, by 30 March 2024, of £100 invested in De La Rue plc on 25 March 2014, compared with the value of £100 invested in the FTSE 250 Index (excluding Investment Trusts) on the same date, assuming that all dividends paid are reinvested and on the other normal principles for assessing Total Shareholder Return (TSR). The other points plotted are the values at intervening trading days.

Remuneration continued
Annual Report on remuneration continued

Total shareholder return

Source: FactSet

Chief Executive Officer pay ratio

The table below sets out the CEO pay ratios from FY20 comparing the single total figure of the remuneration with the equivalent figures for lower quartile, median and upper quartile UK employees. UK employees were chosen as a comparator group to avoid the impact of exchange rate movements over the year. UK employees make up approximately 40% of the total employee population.

As the quartile individuals are representative of the Company's pay distribution the ratios presented are consistent with the pay, reward and progression policies for the UK employees. A significant portion of the CEO remuneration is delivered through variable incentives where awards are linked to business performance over a longer term. This means that ratios may fluctuate year to year.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023/2024	Option A	16:1	12:1	9:1
2022/2023	Option A	14:1	12:1	9:1
2021/2022	Option A	21:1	16:1	13:1
2020/2021	Option A	30:1	24:1	18:1
2019/2020	Option B	19:1	14:1	9:1

Remuneration continued
Annual Report on remuneration continued

Total pay and benefits amounts used to calculate ratio.

Year	Method	25th percentile ratio		50th percentile ratio		75th percentile ratio	
		Total pay and benefits	Total salary	Total pay and benefits	Total salary	Total pay and benefits	Total salary
2023/2024	Option A	£40,057	£33,884	£50,414	£44,844	£72,435	£58,952
2022/2023	Option A	£37,556	£33,905	£46,886	£42,660	£61,407	£56,377
2021/2022	Option A	£36,997	£28,376	£49,614	£44,233	£62,554	£54,285
2020/2021	Option A	£37,017	£32,585	£45,423	£41,795	£62,771	£53,919
2019/2020	Option B	£32,001	£24,511	£44,450	£39,316	£65,908	£54,000

Percentage change in Directors' remuneration

The table below compares the percentage change in the Directors' salary, bonus and benefits to the average change in salary, bonus and benefits for all UK employees between FY19 and FY24. ABP and Sales Incentive Plans were not paid in FY23. The table shows the UK employee average percentage salary change which is comprised of collective and individual awards throughout the financial year.

	2023/24			2022/23			2021/22			2020/21		
	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus
Executive Directors												
Clive Vacher	0.6%	0.0%	–	2.5%	0%		2.0%	0.0%	-55.0%	3.6%	26.0%	–
Ruth Euling	-42%	-76.0%	–	2.5%	2.4%		–	–	–	–	–	–
Dean Moore	–											
Former Executive Directors:												
Rob Harding	-66.7%	74%	–	2.5%	0		2.0%	148.6%	-14.0%	–	–	–
Non-executive Directors:												
Clive Whiley (Chairman)							–	–		–	–	–
Mark Hoad	116.4%		–				–	–		–	–	–
Brian Small	–						–	–		–	–	–
Nick Bray	0.0%	–		1.0%			2.0%	–		0.0%	–	–
Former Non-executive Directors:												
Kevin Loosemoore (Chairman)	-91.7%	–		1.5%	–		2.0%	–		-0.5%	–	–
Margaret Rice-Jones[1]	-54%	–		14.6%			18.3%	–		–	–	–
Catherine Ashton	-80.3%	–		1.5%			2.0%	–		–	–	–
UK employee average	2.6%	0%		4.8%	0%		1.5%	0.0%	-146.0%	3.8%	0.0%	–

Remuneration continued
Annual Report on remuneration continued

Relative spend on pay

The following table sets out the percentage change in payments to shareholders and the overall expenditure on pay across the Group.

	2023/24 £m	2022/23 £m	Change %
Dividends (note 10 to the financial statements)	–	–	N/A
Overall expenditure on pay (note 4 to the financial statements)	76.4	95.0	-20

Statement of shareholder voting

The Directors' remuneration report was approved by shareholders at our AGM on 7 September 2023. Details of the poll voting result on the relevant resolutions are shown below:

	Total votes cast	For[1]	(%)	Against	(%)	Votes withheld[2]
Approval of remuneration report	111,962,175	111,422,255	99.52	539,920	0.48	37,238,224

Notes:
1 The votes 'For' include votes given at the Chairman's discretion.
2 A vote withheld is not legally a vote cast and, as such, is not counted in the calculation of the proportion of votes 'For' and 'Against'.

De La Rue carefully monitors shareholder voting on the remuneration policy and implementation and the Company recognises the importance of ensuring that shareholders continue to support the remuneration arrangements. All voting at the AGM is undertaken by poll.

Remuneration advice

The Remuneration Committee consults with the Chief Executive Officer on the remuneration of executives directly reporting to him and other senior executives and seeks to ensure a consistent approach across the Group taking account of seniority and market practice and the key remuneration policies outlined in this report. During FY24, the Committee also received advice from Willis Towers Watson who has no other connection with the Company or individual Directors. Willis Towers Watson has been formally appointed by the Remuneration Committee and advised on the structure, measures and target setting for incentive plans, executive remuneration levels and trends, corporate governance developments and Directors' remuneration report preparation. The Remuneration Committee requests Willis Towers Watson to attend meetings periodically during the year.

Willis Towers Watson is a member of the Remuneration Consultants' Group and has signed up to the code of conduct relating to the provision of executive remuneration advice in the UK. In light of this, and the level and nature of the service received, the Committee remains satisfied that the advice has been objective and independent.

Total fees for advice provided to the Remuneration Committee during the year by Willis Towers Watson were £24,311.

Dilution limits

The share incentives operated by the Company comply with the institutional investors' share dilution guidelines. The Directors' remuneration report was approved by the Board on 24 July 2024 and signed on its behalf.

Brian Small
Chair of the Remuneration Committee

24 July 2024

Directors' report

The Directors present their annual report on the affairs of the Group for the period ended 30 March 2024.

Introduction

De La Rue plc is a public limited company, registered in England and Wales as company number 3834125 and has its registered office at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire RG22 4BS. As such, it is subject to the reporting requirements set out in the Companies Act 2006. In addition, the Company is listed in the UK and is therefore subject to the additional reporting requirements of the Financial Conduct Authority's Listing Rules (LR) and Disclosure Guidance and Transparency Rules (DTR).

Our reporting to shareholders

The Strategic report (pages 1 to 68 the Governance report (pages 69 to 112 and this Directors' report, when read together with the rest of this Annual Report, taken as a whole form the management report required for the purposes of DTR 4.1.5 R.

The Strategic report provides an overview of the development and performance of the Group's business for the period ended 30 March 2024 and likely future developments in the Group. The various sections of that report, from page 1 to 68 of this Annual Report, together provide information which the Directors consider to be of strategic importance to the Group.

The following disclosures are hereby incorporated by reference into, and form part of, this Directors' report:

- The reporting on corporate governance on pages 69 to 112 and page 117;
- Data on greenhouse gas emissions and other climate change-related disclosures on page 29. This information was included in the Strategic report as the Directors consider those matters to be of strategic importance to the Group;
- Details of Directors' interests in the shares of the Company, within the Directors' remuneration report on pages 106 to 108;
- Information relating to financial instruments and financial risk management, as provided in note 13 to the financial statements; and
- Related party transactions as set out in note 27 to the financial statements.

Dividends

In November 2019, the Board decided to suspend future dividend payments. In the Turnaround Plan, first announced in February 2020 and subsequently expanded upon in the prospectus published in June 2020, the Board explained that the resumption of dividends would only occur when restrictions agreed with our lending banks fell away and the Company was generating sustainable positive free cash flow. No interim dividend was paid or final dividend recommended in respect of FY23. The Directors did not declare an interim dividend and do not recommend a final dividend to be paid in respect of FY24.

Directors

The names and biographical details of the Directors of the Company at the date of this report, and the names and dates of service of others who served as Directors during the period, are provided on pages 72 and 73.

Subject to the Company's articles of association, the Companies Act 2006 and any directions given by the Company in general meeting by a special resolution, the business of the Company is managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. The powers of the Board are described in the corporate governance statement on pages 69 to 112.

The Directors recognise their duty to have regard to the Company's business relationships with suppliers, customers and others and to consider the long-term environmental and reputational impacts of their decisions. Details of how these considerations were factored into the principal decisions taken during the period can be found in the section 172 statement on pages 21 and 23.

The rules governing the appointment and removal of Directors are set out in the Company's articles of association.

Each of the Directors in office at the date of this report will, being eligible, offers himself or herself for re-election.

Details of the Company's contracts of service with its Executive Directors can be found on page 105 and details of the Company's letters of appointment for the Non-executive Directors are on page 105.

Details of Directors' remuneration are provided in the Directors' remuneration report on pages 94 to 112. The interests of the Directors and their families in the share capital of the Company are shown in the Directors' remuneration report on page 106.

At the date of this report, the Company has agreed, to the extent permitted by the law and the Company's articles of association, to indemnify its Directors and officers in respect of all costs, charges, losses, damages and expenses arising out of claims made against them in the course of the execution of their duties as a Director or officer of the Company or any associated company. The Company may advance defence costs in civil or regulatory proceedings on such terms as the Board may reasonably determine, but any advance must be refunded if the Director or officer is subsequently convicted or found against. The indemnity will not provide cover where the Director or officer has acted fraudulently or dishonestly.

The Group also maintains Directors' and officers' liability insurance cover for the Directors and officers of the Company and of all Group subsidiary companies.

Shares and major shareholdings

Structure of the Company's share capital

As at 30 March 2024, the share capital of the Company comprised 195,889,223 ordinary shares of $44^{152}/_{175}$p each and 111,673,300 deferred shares of 1p nominal value, all of which are credited as fully paid. The ordinary shares therefore comprise approximately 99%, and the deferred shares approximately 1%, of the issued share capital.

The ordinary shares are listed in the UK and admitted to trading on the London Stock Exchange. The rights attaching to these shares are described in the next section of this report.

The deferred shares carry no voting or other participation rights and extremely limited economic rights. They are not listed or admitted to trading on any market and are not transferable except in accordance with the articles of association. Any or all of the deferred shares can be repurchased at any time by the Company without notice for a total consideration of one penny, following which they may be cancelled.

Rights of holders of ordinary shares and restrictions on transfer

The rights and obligations attaching to the Company's ordinary shares, in addition to those conferred on their holders by law, are set out in the Company's articles of association, a copy of which is available on the Company's website www.delarue.com.

Directors' report continued

The key rights are summarised below:

- Voting – on a show of hands at a general meeting of the Company, each holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote and, on a poll, shall have one vote for every ordinary share held. Electronic and paper proxy appointments and voting instructions must be received by the Company's registrar no later than 48 hours before a general meeting.
- Dividends and distributions to shareholders on winding up – holders of ordinary shares may receive interim dividends approved by Directors and dividends declared in general meetings. On a liquidation and subject to a special resolution of the Company the liquidator may divide among members in specie the whole or any part of the assets of the Company and may, for such purpose, value any assets and may determine how such division shall be carried out. Transfer of shares – the Company's articles of association place no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them except in very limited circumstances. Certain restrictions, however, may from time to time be imposed by law or regulation.

The articles of association may only be amended by special resolution of the holders of the Company's ordinary shares.

Special rights attaching to shares

There are no shares issued by the Company which confer any special voting or other rights regarding the control of the Company.

Shareholder agreements and consent requirements

There are no known arrangements under which financial rights conferred by any of the shares in the Company are held by a person other than the holders of those shares.

The Company is not aware of any agreements between shareholders that may result in any restriction on the transfer of shares or exercise of voting rights.

Rights attaching to shares under employee share schemes

Options and awards held by relevant participants under the Company's various share plans carry no voting rights until the shares are issued. The trustee of the De La Rue Employee Share Ownership Trust does not seek to exercise voting rights on existing shares held in the employee trust. No shares are currently held in trust.

Major shareholdings

As at 30 March 2024, the Company had received formal notification of the following holdings in its shares under DTR 5. It should be noted that these holdings, or the percentage of the issued share capital they represent, may have changed since the Company was notified, but notification of any change is not required until the next notifiable threshold is crossed:

Persons notifying	Date of last notification	Nature of interest	% of issued ordinary share capital held at notification date
Crystal Amber Fund Limited	21/07/2023	Direct	16.48
Schroders plc	20/07/2023	Indirect	14.81
Aberforth Partners LLP	30/06/2023	Indirect	10.79
Richard Griffiths	18/01/2024	Indirect	10.19
Spreadex Ltd	29/01/2024	Direct	8.04
The Wellcome Trust Limited	21/11/2022	Direct	5.22
Royal London Asset Management Limited	22/08/2019	Direct	4.98

Note:
The following changes have been notified between the end of FY24 and 24 July 2024:
On 16/04/2024 Richard Griffiths holding increased to 11.44%. On 16/04/2024 Spreadex Ltd increased their holding to 9.03% and reduced their holding on 02/05/2024 to 8.94%. On 27/06/2024, the Wellcome Trust Ltd increased their holding to 6.06%

Directors' authorities in relation to share capital

Power to issue and allot

At the AGM held on 7 September 2023 the Directors were generally and unconditionally authorised to allot shares in the Company up to an aggregate nominal value of £29,292,671 (being approximately one third of the Company's then issued share capital) or up to an aggregate nominal value of £58,585,342 (being approximately two thirds of the Company's then issued share capital) in respect of a strictly pro-rata rights issue.

Following the updated Pre-emption Group's Statement of Principles in November 2022, companies are now permitted to seek a general disapplication of pre-emption rights to issue, for cash, equity securities representing no more than 10% of the issued ordinary share capital plus an additional 10% in connection with an acquisition or specified capital investment. At the 2023 AGM, we sought authority in line with the revised Principles, however did not receive sufficient levels of shareholder support. We did not seek the additional authority permitted under the Principles for the additional 2% pre-emption disapplication permitted in case for a 'follow-on' offer.

At the 2023 AGM the Directors were granted additional powers to allot ordinary shares for cash (i) up to a nominal value of £8,787,801 (being approximately 10% of the Company's then issued share capital). This authority is valid until the conclusion of the next following AGM.

The Directors propose to seek similar authorities at the 2024 AGM. The Directors have no current intention of exercising these authorities, if granted, other than to satisfy the exercise of options or vesting of awards under the Company's employee share schemes.

451,996 shares were issued for cash during the period to satisfy the vesting of awards or the exercise of options under the Company's employee share schemes. Details of shares issued during the year and outstanding options and awards are given in notes 19 and 20 to the financial statements, and those notes are incorporated by reference into this report. Details of the share-settled long-term incentive schemes are provided in the Directors' remuneration report on pages 94 to 112.

Authority to purchase own shares

At the 2023 AGM, shareholders gave the Company authority to make market purchases of up to 19,585,649 of its own ordinary shares (being approximately 10% of the Company's then issued ordinary share capital). Any shares purchased in this way could either be cancelled or held in treasury (or a combination of these). No purchases have been made under this authority.

The Directors propose to seek an equivalent authority at the 2024 AGM, but have no current intention of using this authority, if granted.

Change of control

Contracts

There are a number of contracts which allow the counterparties to alter or terminate those arrangements in the event of a change of control of the Company. These arrangements are commercially sensitive and confidential and their disclosure could be seriously prejudicial to the Group.

Banking facilities

The credit facility between the Company and its key relationship banks contains a provision such that, in the event of a change of control, unless agreement is reached to the contrary, the facility will be immediately cancelled and shall cease to be available for any further utilisation and all outstanding loans, together with accrued interest and certain other charges, will become immediately due and payable.

Employees

In the event of a change of control, vesting of awards would occur in accordance with the relevant scheme or plan rules. There are no agreements in force that would provide any Directors or employees with compensation for any loss of office or employment that occurs because of a change of control.

Our employees and workforce generally

Employment of disabled persons

The Group gives full and fair consideration to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by that person. Where existing employees become disabled it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Employee communications and engagement

The Group provides its entire workforce (including employees) with information on matters that could be of concern to them as our workforce. This includes building common awareness of the financial and economic factors affecting the Group's performance through newsletters, all-employee emails and conference calls with the CEO on the day that our results are announced to the market or there is a material development in the Group's business.

Where appropriate, we consult members of our workforce or their representatives on a regular basis so that their views can be taken into account in making decisions which are likely to affect their interests.

We encourage involvement in the Company's performance by our employees and workforce and offer awards under our discretionary share schemes to those more senior employees who are best placed to influence that performance, and through options granted under our Sharesave scheme to all eligible employees in the UK.

The views of our employees and contractors are important. To make sure that these views are heard and are taken into account, the Board has designated an independent Non-executive Director to oversee its engagement with the workforce. For further details of how that duty was fulfilled and how it informed the Board's discussions during the year, please see pages 38 and 77.

Other statutory disclosures

Branches

De La Rue is a global business and our activities and interests are operated through subsidiaries, branches of subsidiaries and associates which are subject to the laws and regulations of many different jurisdictions. Our subsidiaries and associates are listed in note 28 to the financial statements. There were no branches of the Company in existence during the period ended 30 March 2024.

Essential contracts or other arrangements

The Group has a number of suppliers of key goods and services, the loss of any of which could disrupt the Group's ability to deliver on time, in full or at all. For further details, please refer to the discussion of this risk on page 61.

Financial risk management

Please refer to the disclosures in note 13 to the financial statements.

Political donations

The Group's policy is not to make any political donations and none were made during the period. However, the definitions of political donations and expenditure in the Companies Act 2006 are very widely drawn, and it is possible that certain routine activities may unintentionally fall within the scope of the law. The Company is therefore seeking shareholders' renewal of the authority to make political donations at the 2024 AGM, in line with that sought and granted in all recent years.

Research and development

The Group's business is underpinned by a significant amount of intellectual property. The Group holds over 130 families of patents which support its business. There are around 1,100 patents and patent applications, of which over 850 have been granted and circa 250 applications are pending. During the year the Group had 28 patents granted in Europe, UK and the US.

The Group's key activity in the field of research and development is discussed in the strategy discussion on pages 16 to 18.

Listing Rules compliance

In relation to the disclosures required by LR 9.8.4 R:

(1)	Interest capitalised and any related tax relief	Not applicable
(2)	Publication of unaudited financial information or a profit forecast or estimate	Not applicable
(4)	Details of any long-term incentive schemes	See pages 98 to 112
(5)	Details of any waiver of emoluments by a Director	Not applicable
(6)	Any waiver of future emoluments by a Director	Not applicable
(7)	Non pre-emptive issues of equity securities for cash	Not applicable
(8)	Non pre-emptive issues of equity securities for cash by major subsidiary undertakings	Not applicable
(9)	Parent company participation in a placing	Not applicable
(10)	Any contract of significance in which a Director or controlling shareholder is interested	Not applicable
(11)	Any contract for the provision of services by a controlling shareholder	Not applicable
(12)	Any waiver of dividends	Not applicable
(13)	Any waiver of future dividends and details of current dividends waived	Not applicable
(14)	Agreements with controlling shareholders	Not applicable

As required by LR 9.8.6(8) R, this Annual Report includes climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures, which can be found on page 32.

Annual General Meeting

The AGM will be held at 12:00pm on Wednesday 25 September 2024 at the Company's offices, De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.

We value our engagement with all our shareholders and shareholders will once again be able to ask questions relating to the business of the meeting via our website, www.delarue.com, in advance of the AGM. Full details of how to use the Q&A facility are set out in the AGM Circular issued with this Annual Report.

Auditor

Ernst & Young LLP have expressed their willingness to be re-appointed as auditor of the Company. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming AGM.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

Disclosure of information to the external auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Group's Revolving Credit Facility (RCF) expires on 1 July 2025. The cash flow forecasts for the Group indicate that it would not have sufficient liquidity to meet the obligation to repay the RCF on or before 1 July 2025. Management have been pursuing various strategic options which would allow the Group to repay the RCF on or before 1 July 2025. The most progressed of those is the sale of the Authentication division. The Board notes that the probability of completion, timing and terms of the sale of the division are subject to factors outside of the Board's control, which may in turn impact the cash proceeds, the costs associated with the transaction and the amounts required to address any pension scheme risk, along with the day one liquidity of the retained operations of the Group. These matters represent a material uncertainty which may cast significant doubt upon the Group's ability and the Company's ability to continue as a going concern for a period up to 28 September 2025.

Notwithstanding the above, the Board is confident that the bandwidth of strategic options apparent will ultimately allow the Group to fully repay the RCF before its expiration, satisfy future bonding requirements, mitigate any risks to the De La Rue UK defined benefit pension scheme and continue to operate the retained business as a going concern, though management acknowledge that the probability, timing and final agreed terms of any such transaction are subject to factors outside the Board's control.

Further information can be found on pages 64 to 68.

Post-balance sheet events

As announced to the market on 30 May 2024, the Group is currently exploring certain strategic options in relation to the sale of the whole group or each of its divisions. As a result, a number of parties have made proposals in relation to both the Group's divisions, the furthest advanced being for the Authentication division. These workstreams continue, but at the date of the approval of the financial statements, no formal agreement has been entered into.

This Directors' report was approved by the Board on 24 July 2024.

By order of the Board

Jon Messent
Company Secretary

24 July 2024

Directors' responsibility statement

Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the annual report and the Group and Parent Company financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards (IFRSs) and have elected to prepare the Parent Company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")), and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their profit or loss for the period.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (and, in respect of the Parent Company financial statements, Section 10 of FRS 102) and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs (and, in respect of the Parent Company financial statements, FRS 102) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- In respect of the Group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- In respect of the Parent Company financial statements, state whether FRS 102 has been followed, subject to any material departures disclosed and explained in those financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that those financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate Governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Fair, balanced and understandable

The Directors believe that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position, performance, business model and strategy.

For details of the process that was followed to enable the Board to make this statement, please refer to the Audit Committee report on pages 84 to 90.

Responsibility statement

Each of the Directors at the date of approval of this statement confirms that, to the best of his or her knowledge:

- The Group financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- The annual report, including the Strategic report on pages 1 to 68 and the Directors' report on pages 113 to 116, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Jon Messent
Company Secretary

24 July 2024

Financial statements

Securing trust

Strong economies and thriving societies require trust. Counterfeits and illicit trade represent a multi-trillion dollar issue with the potential to undermine that trust.

Our advanced solutions help to secure trust. Both our physical and digital solutions play an important role in this.

Secure

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Independent Auditor's Report

Independent Auditor's Report *to the members of De La Rue plc*

Opinion

In our opinion:

- De La Rue plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 March 2024 and of the Group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

We have audited the financial statements of De La Rue plc (the 'parent company') and its subsidiaries (the 'Group') for the period ended 30 March 2024 which comprise:

Group	Parent company
Consolidated balance sheet as at 30 March 2024	Company balance sheet as at 30 March 2024
Consolidated income statement for the period then ended	Company statement of changes in equity for the period then ended
Consolidated statement of comprehensive income for the period then ended	Related notes 1a to 8a to the financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the period then ended	
Consolidated statement of cash flows for the period then ended	
Related notes 1 to 30 to the financial statements, including material accounting policy information	

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.

Conclusions relating to going concern

Material Uncertainty related to going concern

We draw attention to Accounting Policies (page 134) in the financial statements which indicates that the ability of the Group and Company to continue as a going concern is subject to a material uncertainty which could cast significant doubt on the Group and Company's ability to continue as a going concern.

Independent Auditor's Report continued

Management's base case modelling indicates that the Group would not have sufficient funds or the ability to repay the RCF on or before 1 July 2025, when it becomes due, given that the timing, probability of completion and terms of a sale of the Authentication division are subject to factors outside of the Board's control. The circumstances which would follow non-repayment of the RCF on or before 1 July 2025, including the manner in which the Group's lenders would seek to recover funds, would not be within the control of the Directors. Furthermore, even in the event of a transaction completing, the proceeds that will be retained (and immediately available) in the Group, to address its ongoing liquidity requirements following the repayment of the RCF are subject to factors outside of the Board's control. These include the Group's cash position on disposal, the final sale price, transaction costs and any cash outflows addressing the pension risk. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We draw attention to the viability statement in the Annual Report on page 69, which indicates that an assumption to the statement of viability is the successful completion of a sale of the Authentication division so as to generate sufficient liquidity to allow the Group to repay the RCF on or before 1 July 2025, meet transactions costs, address the risk to the pension scheme and fund the retained operations of the Group. The Directors consider that the material uncertainty referred to in respect of going concern may cast significant doubt over the future viability of the Group and company should these events not complete. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of management's going concern assessment process as well as the review controls in place over the preparation of the group's going concern model and the memoranda on going concern presented to the board of directors. We performed procedures in conjunction with EY modelling specialists to test the appropriateness of management's underlying modelling, including validating that formulae logic applied was appropriate and confirming that other inputs (for example interest rates) had been accurately modelled.
- We challenged the appropriateness of the duration of the going concern assessment period to 28 September 2025 ("the going concern period") and considered the existence of any significant events or conditions beyond this period based on our enquiries and knowledge arising from other areas of the audit.
- We obtained the cash flow, covenant forecasts and sensitivities for the going concern period prepared by management and tested for arithmetical accuracy of the models as well as checking the net debt position at the period-end date.
- We reviewed actual post period-end trading to the end of June 2024 against the forecast. We performed procedures to validate that we were aware of all relevant factors from the period-end date to the approval date of the financial statements, including trading performance, liquidity movements and other material events since the period-end date, where applicable.
- We also challenged the reasonableness of the forecasts with reference to the level of secured orders and the unsecured pipeline by corroborating to supporting evidence including signed orders and offer letters. Further, we validated other assumptions including both fixed and variable costs by obtaining relevant agreements as well as performing analytical procedures. We assessed whether all key factors have been considered by management, through inquiry with management and assessment against other risks addressed in the audit
- We evaluated the key assumptions underpinning the Group's assessment by challenging the measurement and completeness of downside scenarios modelled by management, including an analysis of historical forecasting accuracy and the work performed on the orderbook as detailed above. We compared these key assumptions with the principal risks and uncertainties of the Group.
- We analysed management's severe but plausible scenarios which quantified the downside required to breach the covenants (by modelling both decreased earnings and increased net debt) or exhaust liquidity and evaluated whether the downside in cash flows, earnings and net debt required for such a scenario to materialise was plausible during the going concern period considering the analysis of fixed versus variable costs, the proportion of revenue secured through orderbook coverage, and recent forecast accuracy.
- We challenged each of the available mitigating actions (e.g., reduced capital expenditure and reductions in discretionary spend) and obtained analysis to determine if these were in the control of management and evaluated the expected impact of the mitigation in the light of our understanding of the business and its cost structures.
- We note that management are in the process of evaluating various strategic options, including a sale of the Authentication division. We corroborated management's base case assumptions related to a sale, including agreeing to available supporting documents. We challenged management's cash flow forecasts for the remaining group, including performing a reverse stress test on the day one cash position, taking into account amounts to be paid to the pension scheme and other costs associated to the transaction.
- We have evaluated the potential impact of this transaction, including related costs, on the ability of the Group and Company to repay the RCF on or before 1 July 2025.
- We challenged the extent to which emerging climate-related risks may affect the Group's assessment and the assumptions around the costs anticipated in meeting the Group's target to become carbon neutral for its own operations by 2030. This includes the capital expenditure required to enable the group to reduce its carbon footprint, energy usage, waste, and reliance on plastics. Additionally, we considered other macroeconomic factors such as the rising cost of materials, energy and labour which are critical parts of the Group's operations.
- We corroborated whether the Group's forecasts in the going concern assessment were consistent with other forecasts used by the group in its accounting estimates, including non-current asset impairment and deferred tax asset recognition.

Independent Auditor's Report continued

- We held discussions with the Audit Committee and full board of directors to corroborate the forecasts and their basis as prepared by management.
- We discussed the appropriateness of management's disclosures in the financial statements, specifically whether the description of the material uncertainty, sufficiently and appropriately reflect the going concern assessment, key judgements made and outcomes.

The audit procedures performed in evaluating management's assessment were performed by the primary audit team, however we also considered the financial and non-financial information communicated to us from our component teams of overseas locations as sources of potential contrary indicators which may cast doubt over the going concern assessment. We determined going concern to be a key audit matter.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting; and
- the directors' identification in the financial statements of the material uncertainty related to the entity's ability to continue as a going concern over a period up to 28 September 2025

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 51 reporting components of the Group, we selected 6 components as full or specific scope covering entities within United Kingdom, Malta, Sri Lanka, United States and group consolidation adjustments, which represent the principal business units within the group. We selected a further eight components as specified procedures components, for which we performed certain audit procedures on specific accounts within that component which we considered had the potential for the greatest impact on the significant accounts in the financial statements, either because of the size of the accounts or their risk profile.

The table below sets out the coverage obtained from the work performed by our audit teams.

Of the 14 components selected, we performed an audit of the complete financial information of 3 components ("full scope components") which were selected based on their size or risk characteristics. For 3 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

For the remaining 8 components (representing 24% of adjusted EBITDA) we performed specified procedures performed through centralised testing by the Group team. These locations typically represent other small revenue generating entities, overseas cost centres, or holding companies and not the principal business units of the group.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of 3 components, an audit of specific balances of 3 components and performed specified procedures for a further 8 components. – The components where we performed full audit procedures accounted for 56% of adjusted EBITDA (being adjusted for exceptional items), 90% of Revenue and 60% of Total assets. The components where we performed full, specific or specified audit procedures in relation to revenue accounted for 100% of Revenue and 98% of Total assets.
Key audit matters	– Going Concern – Revenue recognition – Post-retirement benefit obligations – liabilities & assets
Materiality	– Overall group materiality of £0.78m which represents 2% of adjusted EBITDA. Adjusted EBITDA represent earnings from continuing operations before the deduction of interest, tax, depreciation, amortisation and exceptional items.

	Number of locations	Adjusted EBITDA* (%)	Revenue (%)	Total Assets (%)
Full Scope	3	56	90	60
Specific Scope	3	16	7	27
Specified Procedures	8	24	3	11
Full and specified procedures coverage	14	96	100	98
Remaining components	37	4	–	2
Total reporting components	**51**	**100**	**100**	**100**

* Based on absolute EBITDA values

Independent Auditor's Report continued

We extend our scope to these entities in order to add an element of unpredictability into our audit procedures. Specifically, we performed specified procedures on certain aspects of revenue, other operating expenses, interest income and expense, provisions, intangible assets and amortisation, in response to our risk assessment for these individual financial statement line items. No single component was larger than 10%. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 37 components that together represent 4% of the group's adjusted EBITDA, we performed other procedures, including cash and borrowings verification testing on all material balances, analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior period

There have been no significant changes in the scoping of our Group audit.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. The audit procedures on the 3 full scope components (all of which comprise parts of the UK operating business), were performed directly by the primary audit team. For the 3 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current period's audit cycle, a visit was undertaken by the Senior Statutory Auditor to the component team in Sri Lanka. Regular detailed meetings were held with all component teams. These meetings involved discussing the audit approach with the component team and inputs into planning their work. Detailed instructions were sent to all specific scope overseas locations which covered the significant areas that should be addressed by the component team auditors and the information which should be reported to the primary audit team. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the group. The group has determined that the most significant future impacts from climate change on its operations will be from emerging regulatory changes and physical risks and the group's ability to react to such changes, for example, the risk of flooding of key sites as a result of rising water levels and precipitations patterns; and the risk of being unable to execute the transition of operations required to effectively reduce its footprint, energy usage, waste and reliance on plastics in its operations. These are explained on page 32 of the Task Force On Climate Related Financial Disclosures and on pages 56 – 63 in the principal risks and uncertainties. They have also explained their climate commitments on page 35. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the group's business and any consequential material impact on its financial statements. The group has explained in their strategic report articulation of how climate change has been reflected in the financial statements. Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 34 and 35 and whether these have been appropriately reflected in the going concern and viability considerations of the group, and other key assessments where values are determined through modelling future cash flows including assumptions around the costs anticipated in meeting the group's target to become carbon neutral for its own operations by 2030. Where required by the relevant accounting standard, this includes the capital expenditure required to enable the group to reduce its carbon footprint, energy usage, waste and reliance on plastics. As part of this evaluation, we performed our own risk assessment supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

Whilst the group have stated their sustainability commitments in becoming carbon natural from its own operations by 2030 and to align with the aspirations of the Paris Agreement to achieve net zero emissions by 2050, the Group are currently unable to determine the full future economic impact on their business model, operational plans and customers to achieve this and therefore the potential impacts are not fully incorporated in these financial statements.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact in the Going Concern key audit matter. Details of the impact, our procedures and findings are included in our explanation of key audit matter in the conclusions relating to Going Concern above.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition – £310.3m (FY23 – £349.7m) *Refer to the Audit Committee Report (page 84); Accounting policies (page 134); and Note 2 of the Consolidated Financial Statements (page 150)* **Risk on revenue cut-off** We have identified that there is a risk that revenue is manipulated at or near to the period end to meet income statement targets through management override of controls. This cut-off risk manifests itself in different ways based on the terms of the contract and the associated accounting policy under IFRS 15. The risk applies to both revenue recognised over time or at a point in time. Revenue earned over time totals £37.4m (12.1%) (FY23 – £50.4m, 14.4%) with point in time revenue of £272.9m (87.9%) (FY23 – £299.3m, 85.6%) **Risk on bill & hold arrangements** We have identified a risk that revenue is manipulated through bill and hold arrangements (which refers to revenue recognised at the period-end date for which the goods have not been shipped by period-end in accordance with the terms of the contract) to meet income statement targets through management override of controls. From previous years, we understand that a large proportion of the orders completed and revenue recognised relates to those under contracts with bill and hold terms. Due to the unique criteria required to be met to recognise this revenue it is deemed an area for possible manipulation.	We have performed testing using the lowest end of the performance materiality range applicable for addressing the occurrence assertion impacted by a significant risk. At each full, and specific scope component with significant revenue streams (6 components) including (where relevant) consolidation adjustments, we performed audit procedures which covered 96% of the group's Revenue. We also performed specified procedures on material revenue amounts earned in the remainder of the group. The primary audit team and specific scope component teams performed the audit procedures over the group's revenue. Our procedures included, among others, obtaining an understanding of the revenue recognition process and evaluating the design of internal controls over revenue recognised. We also evaluated the appropriateness of the Group's revenue recognition policy. **Risk on revenue cut-off** For point in time revenue contracts we selected a sample of revenue transactions around the period-end date and for our sample selected, we tested to corroborate that there was appropriate evidence to support that control has passed to the customer and that revenue was recognised in the appropriate period. This included checking to third party evidence of delivery, where applicable. For over time revenue contracts, we performed a review of all new material underlying agreements to determine judgements made by management in concluding that the company has an enforceable right to payment, enquiring with external legal counsel where relevant. The group uses the input method to record revenue over time. For all material contracts, we have tested actual costs incurred to underlying supporting documents and challenged the appropriateness of the estimated cost to complete the performance obligation. We have also tested the appropriateness of the margin applied by agreeing the calculations through to contractual terms (e.g. unit prices and total contract value). We have also checked that the correct percentage of completion (POC) has been applied in determining the amount of revenue to be recognised. **Risk on bill & hold arrangements** For bill and hold arrangements we have reviewed all underlying contracts with customers to validate contractual terms allowed for bill and hold recognition under IFRS 15. We performed full inventory counts at the balance sheet date and we have agreed amounts to the underlying supporting documents such as payments and invoices.	Based on our audit procedures we have concluded that revenue is appropriately recognised in the period and appropriately accrued or deferred at 30 March 2024.

Independent Auditor's Report continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Post-retirement benefit obligations – £51.6m (FY23 – £54.7m) *Refer to the Audit Committee Report (page 84); Accounting policies (page 134); and Note 23 of the Consolidated Financial Statements (page 183)* **Post-retirement benefit Liabilities – £695.7m (FY23 – £731.3m)** The valuation of the pension liabilities requires significant levels of judgement and technical expertise in choosing appropriate assumptions. A number of the key assumptions (inflation, discount rates and mortality) can have a material impact on the calculation of the liability. **Post-retirement benefit Assets – £644.1m (FY23 – £678.2m)** The pension assets include significant pension asset investments, the fair value measurement of which includes significant judgement. There is a risk in this valuation process as a number of the pension assets are "hard to value", which do not have a readily observable market price. Misstatements that occur in relation to this risk would affect the retirement benefit obligations account in the balance sheet.	**Response to the risk on post-retirement benefit liabilities** We utilised EY pension specialists to assist us in testing the valuation of post-retirement benefit liabilities. We gained an understanding of the valuation process through discussion with the pension scheme actuaries. This included challenging the basis and methodology for setting key assumptions, including salary increases and mortality rates by comparing them to national and industry averages. We independently checked the discount and inflation rates used in the valuation of the pension liability against our internally developed benchmarks. We assessed the competency of management's expert used in determining the actuarial valuation. **Response to the risk on post-retirement benefit assets:** We assessed the competency of management's expert used in determining the asset valuation. We stratified the assets into the various IFRS 13 categories from level 1 to level 3. Level 3 was classified as complex and hard to value assets as having no publicly available information to determine the valuation of the asset. We have confirmed the existence of scheme assets with the schemes' investment managers and independently confirmed the valuation of scheme assets by performing detailed testing on a sample of assets, taking into account the relative complexity of the underlying asset class. For all hard to value assets, we have obtained a confirmation directly from the investment managers on the number of units and period-end price by investment product. We have also involved our EY valuation specialists in determining the valuation of certain hard to value assets. We assessed the appropriateness of Management's retirement benefit obligation disclosure by reference to the requirements of applicable accounting standards.	Based on our audit procedures, we have concluded that the actuarial assumptions applied within the valuation of post-retirement benefit liabilities at period-end are appropriate. We have also concluded that the pension scheme assets are stated at fair market value.

Independent Auditor's Report continued

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £0.78 million (2023: £0.9 million), which is 2% (2023: 2%) of adjusted EBITDA. Given the focus on the group's ability to continue operating as a going concern in recent periods, we believe that there remains a focus on the banking covenants applicable to the company which are based on adjusted EBITDA. As such, we believe that adjusted EBITDA provides us with a reasonable basis for determining materiality and is the most relevant performance measure to the stakeholders of the entity.

We determined materiality for the parent company to be £1.45 million (2023: £1.5 million), which is 2% (2023: 2%) of equity. This is higher than group materiality given this is only a holding company and we do not expect significant changes in terms of business environment.

Our materiality is based on the group's EBITDA adjusted for exceptional items in order to exclude items which are non-recurring in nature. We have determined the final materiality amount applied in our audit procedures below:

Starting basis	– Group EBITDA £25.1m
Adjustments	– Add back net exceptional items of £14.2m as disclosed in the Group Income statement
Materiality	– Totals £39.3m – Materiality of £0.78m (2% of adjusted EBITDA)

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 50% (2023: 50%) of our planning materiality, namely £0.39m (2023: £0.45m). We have set performance materiality at this percentage due to an expectation of possible audit misstatements in the current period driven by the volume and quantum of audit misstatements identified in the prior period.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current period, the range of performance materiality allocated to components was £0.06m to £0.3m (2023: £0.1m to £0.4m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £39,000 (2023: £45,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 – 117, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Independent Auditor's Report continued

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 64 – 68;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 64 – 68;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on pages 64 – 68;
- Directors' statement on fair, balanced and understandable set out on page 117;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 117;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 56; and;
- The section describing the work of the audit committee set out on page 84.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 117, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We understood how De La Rue plc is complying with those frameworks by making enquiries of management including internal legal counsel to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. Specifically, we inspected the code of conduct and employee handbook issued to each employee, we also verified that specific training on the above frameworks were offered to employees throughout the period; obtaining and inspecting the training compliance report held by the company. Where relevant we liaised with external legal counsel to understand the potential impact of claims brought against the company. We also reviewed correspondence with relevant authorities, including HMRC (2018 Code).
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and through assessing revenue as a fraud risk through recognising revenue in the incorrect period. Our procedures to address this involved.

Independent Auditor's Report continued

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and through assessing revenue as a fraud risk through recognising revenue in the incorrect period. Our procedures to address this involved:
  - Understanding the revenue recognition process, policy and how it is applied, including relevant controls.
  - Selecting a sample of key contracts to test based on various risk criteria. For the same contracts we performed detailed contract reviews, including challenging management assumptions on the revenue recognition process.
  - For those contracts where revenue has been recognised over time or at a point-in-time, our procedures and conclusions are documented in the key audit matters' table above.
  - We incorporated data analytics into our testing of manual journals, including segregation of duties, and in respect of our testing of revenue recognition, investigated journals posted to revenue, with focus on manual transactions recorded at or close to the period-end date.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations.
- Where we identified potential non-compliance with laws and regulations, we developed an appropriate audit response and communicated directly with components impacted. Our procedures involved: understanding the process and controls to identify non-compliance, reading the correspondence between the group and their regulators, review of whistleblowing logs and understanding management's response, inquiring of internal and external legal counsel and reading their reports, understanding the fact patterns in each case and documenting the positions taken by management, and using EY specialists (including Forensics) to support us in concluding on the matters identified.
- If any instance of non-compliance with laws and regulations were identified, these were communicated to the relevant local EY teams who performed sufficient and appropriate audit procedures supplemented by audit procedures performed at the group level.

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the company on 21 September 2017 to audit the financial statements for the period ending 31 March 2018 and subsequent financial periods. We signed an updated engagement letter on 08 December 2023.
- The period of total uninterrupted engagement including previous renewals and reappointments is 7 years, covering the periods ending 31 March 2018 to 30 March 2024.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

San Gunapala (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Reading

24 July 2024

Consolidated income statement

for the period ended 30 March 2024

	Notes	2024 £m	2023 £m
Revenue from customer contracts	2	310.3	349.7
Cost of sales	4	(224.4)	(257.6)
Gross Profit		85.9	92.1
Adjusted operating expenses	4	(65.6)	(64.3)
Other operating income	3	0.7	–
Adjusted operating profit		21.0	27.8
Adjusted Items[1]:			
– Amortisation of acquired intangibles	10	(1.0)	(1.0)
– Net exceptional items – expected credit loss	5	0.5	(8.5)
– Net exceptional items – other	5	(14.7)	(38.6)
– Net exceptional items – Total	5	(14.2)	(47.1)
Operating profit/(loss)		5.8	(20.3)
Interest income	6	0.5	1.2
Interest expense	6	(19.2)	(11.6)
Net retirement benefit obligation finance (expense)/income	6, 23	(2.5)	1.1
Net finance expense		(21.2)	(9.3)
Loss before taxation from continuing operations		(15.4)	(29.6)
Taxation	7	(3.7)	(27.6)
Loss for the year		(19.1)	(57.2)
Attributable to:			
– Owners of the parent		(20.0)	(55.9)
– Non-controlling interests		0.9	(1.3)
Loss for the year		(19.1)	(57.2)

	Notes	2024 £m	2023 £m
Earnings per ordinary share			
Basic EPS	8	(10.2)p	(28.6)p
Diluted EPS	8	(10.2)p	(28.6)p

Note:

1. For adjusting items, the cash flow impact of exceptional items can be found in note 5 and there was no cash flow impact for the amortisation of acquired intangible assets.

Consolidated statement of comprehensive income

for the period ended 30 March 2024

	Notes	2024 £m	2023 restated* £m
Loss for the year		(19.1)	(57.2)
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss:			
Remeasurement gain/(loss) on retirement benefit obligations	23	5.4	(100.3)
Tax related to remeasurement of net defined benefit liability	7	(1.3)	11.8
Tax related to components of other comprehensive income	7	–	(0.1)
		4.1	(88.6)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(2.8)	5.0
Foreign currency translation differences for foreign operations – non-controlling interests		0.6	–
Change in fair value of cash flow hedges	13(a)	(1.9)	(1.0)
Change in fair value of cash flow hedges transferred to profit or loss	13(a)	0.6	1.7
Tax related to cash flow hedge movements	7	–	(0.1)
		(1.3)	0.6
		(3.5)	5.6
Other comprehensive income/(loss) for the year, net of tax		0.6	(83.0)
Total comprehensive loss for the year		(18.5)	(140.2)
Comprehensive income for the year attributable to:			
Equity shareholders of the Company		(20.0)	(138.9)
Non-controlling interests		1.5	(1.3)
		(18.5)	(140.2)

Note:

* The Group Consolidated Statement of Comprehensive Income for FY23 has been restated as described in the Basis of preparation (note I).

Consolidated balance sheet

at 30 March 2024

	Notes	2024 £m	2023 restated* £m
ASSETS			
Non-current assets			
Property, plant and equipment	9	85.4	97.1
Intangible assets	10	37.2	39.3
Right-of-use assets	22	10.2	12.1
Deferred tax assets	15	0.1	5.9
		132.9	154.4
Current assets			
Inventories	11	41.7	49.3
Trade and other receivables	12	72.8	70.7
Contract assets	2	16.7	18.9
Current tax assets		0.2	0.2
Derivative financial assets	13a	0.7	2.4
Cash and cash equivalents	14	29.3	40.3
		161.4	181.8
Total assets		294.3	336.2
LIABILITIES			
Current liabilities			
Trade and other payables	16	(82.8)	(92.1)
Current tax liabilities		(20.4)	(23.2)
Derivative financial liabilities	13a	(3.3)	(1.9)
Lease liabilities	22	(2.5)	(3.0)
Provisions for liabilities and charges	18	(1.8)	(6.0)
		(110.8)	(126.2)
Non-current liabilities			
Borrowings	17	(117.2)	(118.4)
Retirement benefit obligations	23	(51.6)	(54.7)
Deferred tax liabilities	15	(1.9)	(2.8)
Lease liabilities	22	(9.1)	(10.3)
Other non-current liabilities		(1.1)	(1.2)
		(180.9)	(187.4)
Total liabilities		(291.7)	(313.6)
Net assets		2.6	22.6

	Notes	2024 £m	2023 restated* £m
EQUITY			
Share capital	19	89.0	88.8
Share premium account		42.3	42.2
Capital redemption reserve		5.9	5.9
Hedge reserve		(1.2)	0.1
Cumulative translation adjustment		6.4	9.2
Other reserve		(83.8)	(83.8)
Retained earnings		(70.2)	(55.7)
Total (deficit)/equity attributable to shareholders of the Company		(11.6)	6.7
Non-controlling interests		14.2	15.9
Total equity		2.6	22.6

Note:
* The Group Consolidated Balance Sheet for FY23 has been restated as described in the Basis of preparation (note I).

Approved by the Board on 24 July 2024.

Clive Vacher
Chief Executive Officer

Dean Moore
Interim Chief Financial Officer

Registered number: 3834125

Consolidated statement of changes in equity

for the period ended 30 March 2024

	Attributable to equity shareholders								
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Hedge reserve £m	Cumulative translation adjustment £m	Other reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
Balance at 26 March 2022	88.8	42.2	5.9	(0.5)	4.2	(31.9)	35.1	18.0	161.8
Loss for the year	–	–	–	–	–	–	(55.9)	(1.3)	(57.2)
Other comprehensive income for the year, net of tax – as reported	–	–	–	0.6	5.0	–	(76.2)	–	(70.6)
Prior year revision	–	–	–	–	–	–	(12.4)	–	(12.4)
Other comprehensive income for the year, net of tax – restated	–	–	–	0.6	5.0	–	(88.6)	–	(83.0)
Total comprehensive income for the year	–	–	–	0.6	5.0	–	(144.5)	(1.3)	(140.2)
Reclassification between reserves	–	–	–	–	–	(51.9)	51.9	–	–
Transactions with owners of the Company recognised directly in equity:									
Employee share scheme:									
– value of services provided	–	–	–	–	–	–	1.9	–	1.9
Tax on income and expenses recognised directly in equity	–	–	–	–	–	–	(0.5)	–	(0.5)
Dividends paid	–	–	–	–	–	–	–	(0.8)	(0.8)
Other – unclaimed dividends	–	–	–	–	–	–	0.4	–	0.4
Balance at 25 March 2023	88.8	42.2	5.9	0.1	9.2	(83.8)	(55.7)	15.9	22.6

Consolidated statement of changes in equity
for the period ended 30 March 2024 continued

	Attributable to equity shareholders								
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Hedge reserve £m	Cumulative translation adjustment £m	Other reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
Balance at 25 March 2023	88.8	42.2	5.9	0.1	9.2	(83.8)	(55.7)	15.9	22.6
Loss for the year	–	–	–	–	–	–	(20.0)	0.9	(19.1)
Other comprehensive income for the year, net of tax	–	–	–	(1.3)	(2.8)	–	4.1	0.6	0.6
Total comprehensive income for the year	–	–	–	(1.3)	(2.8)	–	(15.9)	1.5	(18.5)
Transactions with Owners of the Company recognised directly in equity:									
Share Capital issued	0.2	0.1	–	–	–	–	–	–	0.3
Employee share scheme:									
– value of service provided	–	–	–	–	–	–	1.4	–	1.4
Dividends paid	–	–	–	–	–	–	–	(3.2)	(3.2)
Balance at 30 March 2024	89.0	42.3	5.9	(1.2)	6.4	(83.8)	(70.2)	14.2	2.6

Notes:
Share premium account
This reserve arises from the issuance of shares for consideration in excess of their nominal value.

Capital redemption reserve
This reserve represents the nominal value of shares redeemed by the Company.

Hedge reserve
This reserve records the portion of any gain or loss on hedging instruments that are determined to be effective cash flow hedges. When the hedged transaction occurs, the gain or loss on the hedging instrument is transferred out of equity to the income statement. If a forecast transaction is no longer expected to occur, the gain or loss on the related hedging instrument previously recognised in equity is transferred to the income statement.

Cumulative translation adjustment (CTA)
This reserve records cumulative exchange differences arising from the translation of the financial statements of foreign entities since transition to IFRS. Upon disposal of foreign operations, the related accumulated exchange differences are recycled to the income statement. This reserve also records the effect of hedging net investments in foreign operations.

Other reserves
On 1 February 2000, the Company issued and credited as fully paid 191,646,873 ordinary shares of 25p each and paid cash of £103.7m to acquire the issued share capital of De La Rue plc (now De La Rue Holdings Limited), following the approval of a High Court Scheme of Arrangement. In exchange for every 20 ordinary shares in De La Rue plc, shareholders received 17 ordinary shares plus 920p in cash. The other reserve of £83.8m arose as a result of this transaction and is a permanent adjustment to the consolidated financial statements.

On 17 June 2020, the Group announced that it would issue new ordinary shares via a "cash box" structure to raise gross proceeds of £100m, in order to provide the Company and its management with operational and financial flexibility to implement De La Rue's turnaround plan, which was first announced by the Company earlier in the year. The cash box completed on 7 July 2020 and consisted of a firm placing, placing and open offer. The Group issued 90.9m new ordinary shares each with a nominal value of 44 152/175p, at a price of 110p per share (giving gross proceeds of £100m). A "cash box" structure was used in such a way that merger relief was available under Companies Act 2006, section 612 and thus no share premium needed to be recorded and instead an 'other reserve' of £51.9m was recorded, increasing other reserves from a deficit of £83.8m to a deficit of £31.9m. This section applies to shares which are issued to acquire non-equity shares (such as the Preference Shares) issued as part of the same arrangement.

The Group recorded share capital equal to the aggregate nominal value of the ordinary shares issued (£40.8m) and merger reserve equal to the difference between the total proceeds net of costs and share capital. As the cash proceeds received by De La Rue plc where loaned via intercompany account to a subsidiary company to enable a substantial repayment of the RCF, the increase to other reserves of £51.9m was treated as an unrealised profit. In the year ended 25 March 2023, the Group recorded an impairment of the intercompany loan. As a matter of generally accepted accounting practice, a profit previously regarded as unrealised becomes realised when there is a loss recognised on the write-down for depreciation, amortisation, diminution in value or impairment of the related asset. In the year ended 25 March 2023, the £51.9m previously treated as unrealised within Other Reserves was treated as a realised amount which could be considered distributable and was reclassified from "Other Reserves" to "Retained earnings".

Given the reversal of the impairment recorded in relation to intercompany during the year ended 30 March 2024, the £51.9m is now considered to be unrealised.

Consolidated cash flow statement

for the period ended 30 March 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Loss before tax		(15.4)	(29.6)
Adjustments for:			
Finance income and expense	6	21.2	9.3
Depreciation of property, plant and equipment	9	10.9	12.5
Depreciation of right-of-use assets	22	2.5	2.2
Amortisation of intangible assets	10	5.9	5.3
Gain on sale of property plant and equipment	9	–	(0.1)
Impairment of property, plant and equipment included within exceptional items	9	4.5	5.4
Impairment of intangible assets included within exceptional items	10	–	4.3
Share based payment expense	20	1.4	1.9
Pension Recovery Plan and administration cost payments[1]		(1.5)	(16.5)
(Decrease)/increase in provisions	18	(4.2)	0.1
Non-cash credit loss provision – other financial assets	5	(0.2)	8.5
Non-cash credit loss provision – other	12	(0.1)	(0.3)
Other non-cash movements		(2.4)	3.5
Cash generated from operations before working capital		22.6	6.5
Changes in working capital:			
Decrease in inventory		7.6	0.5
Decrease in trade and other receivables and contract assets		2.3	6.0
(Decrease)/increase in trade and other payables and contract liabilities		(4.0)	11.8
		5.9	18.3
Cash generated from operating activities		28.5	24.8

Note:
1. The £1.5m (FY23: £16.5m) of pension payments includes £nil (FY23: £15.0m) payable under the Recovery Plan, agreed in May 2020, and a further £1.5m (FY23: £1.5m) relating to payments made by the Group towards the administration costs of running the scheme.

	Notes	2024 £m	2023 £m
Cash generated from operating activities		28.5	24.8
Net tax paid		(2.3)	(1.0)
Net cash flows from operating activities		26.2	23.8
Cash flows from investing activities:			
Purchases of property, plant and equipment – gross		(12.6)	(15.2)
Purchases of property, plant and equipment – grants received		8.5	4.2
Purchases of property, plant and equipment – net[1]		(4.1)	(11.0)
Proceeds from repayment of other financial assets	5	0.3	–
Purchase of software intangibles and development assets capitalised	10	(4.6)	(10.4)
Proceeds from sale of property, plant and equipment		–	0.4
Interest received		0.6	0.2
Net cash flows from investing activities		(7.8)	(20.8)
Net cash flows before financing activities		18.4	3.0
Cash flows from financing activities:			
Proceeds from issue of ordinary share capital		0.3	–
Net (repayment)/draw down of borrowings	13(f)	(4.0)	27.0
Payment of debt issue costs	13(f)	(5.5)	(0.9)
Lease liability principal payments	22	(2.5)	(2.4)
Interest paid		(14.1)	(10.3)
Dividends paid to non-controlling interests	29	(3.2)	(0.8)
Net cash flows from financing activities		(29.0)	12.6
Net (decrease)/increase in cash and cash equivalents in the year		(10.6)	15.6
Cash and cash equivalents at the beginning of the year		40.3	24.3
Exchange rate effects		(0.4)	0.4
Cash and cash equivalents at the end of the year		29.3	40.3
Cash and cash equivalents consist of:			
Cash at bank and in hand	14	21.8	26.5
Short term deposits	14	7.5	13.8
	14,21	29.3	40.3

Note:
1. The net purchases of property, plant and equipment of £4.1m (FY23: £11.0m) includes additions to property, plant and equipment in the year of £4.1m (FY23: £11.2m) (note 9), down payments and capex creditors cash outflow of £0.5m (FY23: £0.5m) and excludes £0.5m (FY23: £0.7m) of grants not yet received.

Accounting policies

General information

De La Rue plc (the Company) is a public limited company incorporated and domiciled in the United Kingdom, whose shares are publicly traded on the London Stock Exchange. The registered office is located at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.

De La Rue plc and its subsidiaries (together "Group") has two principal segments, Currency and Authentication;

- In Currency, we design, manufacture and deliver bank notes, polymer substrate and security features around the world.
- In Authentication, we supply products and services to governments and Brands to assure tax revenues and authenticate goods as genuine.

The financial statements for FY24 have been prepared as at 30 March 2024, being the last Saturday in March. The comparatives for the FY23 financial period are for the period ended 25 March 2023.

The consolidated financial statements of the Company for the period ended 30 March 2024 were authorised for issuance by the Board of Directors on 24 July 2024.

Company financial statements

The Company has elected to prepare its entity only financial statements in accordance with FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland. These are set out on pages 192 to 196 and the accounting policies in respect of the Company financial statements are set out on pages 194 and 195.

Material accounting policy information

I Basis of preparation

The consolidated financial statements of the Company for the period ended 30 March 2024 have been prepared in accordance with UK-adopted International Financial Reporting Standards ("IFRS") in accordance with the requirements of the Companies Act 2006. IFRS includes standards issued by the International Accounting Standards Board ("IASB") that are endorsed for use in the UK.

The consolidated financial statements are prepared on a going concern basis under the historical cost convention with the exception of certain items which are measured at fair value as disclosed in the accounting policies below.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or key areas of estimation uncertainty in preparing the consolidated financial statements, are disclosed below in V 'Critical accounting estimates, assumptions and judgements'.

The Group has not experienced any specific impact from the war in Ukraine or the Israel-Hamas war, other than the global economic conditions.

Consolidated Statement of Financial Position – Prior Year Revision

In the prior period (FY23), deferred tax assets of £18.3m were incorrectly reported. This had an impact on FY23 only and has no impact on the opening comparatives as at 27 March 2022 or on earlier reported periods.

Deferred tax assets were overstated by £12.4m which relates to the UK Group entities. This was due to an error in the forecast taxable profits used for the purposes of calculating the UK deferred tax assets that could be recognised in accordance with IAS 12 "Income Taxes". Specifically, forecast corporate interest restrictions were incorrectly included within the forecast taxable profits used for deferred tax asset recognition purposes. Under IAS 12, when assessing tax forecasts, taxable amounts that arise from deductible temporary differences that are expected to originate in future periods should be ignored. Even though the corporate interest restrictions are not expected to reverse for the foreseeable future, they are strictly a temporary difference for tax purposes, so they should not have been included in the taxable profits used for the purposes of deferred tax asset recognition.

The adjustment has been disclosed as a restatement to the tax related to remeasurement of net defined benefit pension liability within Other Comprehensive Income as it relates to deferred tax assets arising from the pension deficit balance and tax losses arising from pension deficit contribution payments.

This adjustment concerns the recognition of deferred tax assets and liabilities for accounting purposes only and has no impact on the underlying tax attributes of the Group.

Impact on the Group Consolidated Balance Sheet

	FY23 As reported £m	Prior year revision £m	FY23 restated £m
Deferred tax asset	18.3	(12.4)	5.9
Deferred tax liabilities	(2.8)	–	(2.8)
Net assets	35.0	(12.4)	22.6
Retained earnings	(43.3)	(12.4)	(55.7)

Accounting policies continued

Impact on the Group Consolidated Statement of Comprehensive Income/(Loss) in FY23:

	FY23 As reported £m	Prior year revision £m	FY23 restated £m
Other comprehensive (expense)/income:			
Tax related to remeasurement of net defined benefit liability	24.2	(12.4)	11.8
Total comprehensive loss for the period	(127.8)	(12.4)	(140.2)

Impact on the Group Consolidated Statement of Changes in Equity in FY23:

	Total equity £m
Balance at 26 March 2022	161.8
Loss for the year	(57.2)
Other comprehensive loss for the year – as reported	(70.6)
Prior year revision	(12.4)
Other comprehensive loss for the year – restated	(83.0)
Total comprehensive loss for the year	(140.2)
Transactions with Owners of the Company recognised directly in equity	
Employee share scheme – value of service provided	1.9
Tax on income and expenses recognised directly in equity	(0.5)
Dividends paid	(0.8)
Other – unclaimed dividends	0.4
Balance at 25 March 2023	22.6

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below or have been incorporated with the relevant notes to the accounts where appropriate. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Climate change

In preparing the Consolidated Financial Statements management has considered the impact of climate change and the actions that the Group will take in order to fulfil its sustainability strategy and satisfy its commitment to become carbon neutral from its own operations by 2030. This includes the estimates around future cash flows used in impairment assessments of the carrying value of goodwill and intangible assets in De La Rue Authentication Inc, recoverability of deferred tax assets and the useful economic life of plant and equipment, especially assets which are power-intensive and expected to be replaced.

This is within the context of the disclosures included in Strategic report, including those made in accordance with the recommendation of the Taskforce on Climate-related Financial Disclosures and the Companies (Strategic report) Climate-related Financial Disclosure Regulations 2022 this year. These considerations did not have a material impact on the financial reporting judgements and estimates.

Going concern

Overview

In line with IAS 1 "Presentation of financial statements", and the FRC guidance on "risk management, internal control and related financial and business reporting", when assessing the Group's ability and the Company's ability to continue as a going concern, the Directors have taken into account all available information for a period up to 28 September 2025, being the going concern period.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 1 to 10 of the Strategic Report. In addition, pages 56 to 63 include the Group's objectives, policies and processes for financial risk management, details of its financial instruments and hedging activities and its exposure to credit risk, liquidity risk and commodity pricing risk. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on page 53 of the Strategic Report.

As explained further below, the Board has determined that the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

Accounting policies continued

The Group's Revolving Credit Facility (RCF) expires on 1 July 2025. The cash flow forecasts for the Group indicate that it would not have sufficient liquidity to meet the obligation to repay the RCF in full on or before 1 July 2025. Management has been pursuing various strategic options, which would allow the Group to repay the RCF on or before 1 July 2025. The most progressed of those is the sale of the Authentication division. The Board notes that the probability of completion, timing and terms of the sale of the division are subject to factors outside of the Board's control, which may in turn impact the cash proceeds, the costs associated with the transaction and the amounts required to address any pension scheme risk, along with the day one liquidity of the retained operations of the Group. These matters represent a material uncertainty which may cast significant doubt upon the Group's ability and the Company's ability to continue as a going concern for a period up to 28 September 2025.

Strategic review

As detailed in the trading update released on 30 May 2024, the Directors have been undertaking a review of the core strategic strengths of the Group and how best to optimise the underlying intrinsic value of the business for the benefit of all stakeholders.

This review and analysis has included:
- recognising the improved order intake over the last year, and the future prospects for the Group's operating divisions and the Group as a whole;
- the accretive value creation that may be achieved with increased scale and capabilities in both of the operating divisions; and
- the Director's commitment to reduce leverage and create greater financial flexibility in the funding structure of the Group as a whole.

This review, and associated learnings, has guided the Board in its process to evaluate strategic options for the group and each division. As a result, the Board is in discussions with a number of parties who have made proposals in relation to, or expressed interest in, the acquisition of each of the Group's divisions.

Since the release of the trading update on 30 May 2024, the discussions with the interested parties have progressed in line with the Board's expectations. The Board is satisfied that, if the discussions relating to the Group's Authentication division conclude in a sale of that division on the terms currently under discussion (and notwithstanding the material uncertainty as detailed above), there would be adequate proceeds from the transaction to fully repay the RCF, satisfy future bonding requirements, mitigate any risks to the De La Rue UK defined benefits pension scheme, and continue to operate the retained business as a going concern.

Expiration of the RCF

Under the amended facility agreement, signed on 18 December 2023, the Group has access to a RCF of £235m that expires on 1 July 2025, which is within the going concern period.

Over the last year, the Board has been in ongoing dialogue with the banking syndicate providing the RCF. This dialogue has been constructive and the lenders are supportive of the Board pursuing the strategic options summarised above.

The Directors are confident that further progression of the sale of Authentication will ultimately allow for the full repayment of the RCF prior to its expiration in July 2025. As a result, both the Group and its banking syndicate have agreed not to further extend the RCF beyond its current expiry date at this point in time.

Covenants testing

The RCF allows the drawing down of cash up to the level of £160m and the use of bonds and guarantees up to the level of £75m.

The continued access to these borrowing facilities is subject to quarterly covenant tests which look back over a rolling 12-month period. In addition, there is minimum liquidity testing at each week-end point on a four-week historical basis and 13-week forward looking basis. The Group was in full compliance with its covenants throughout FY24.

During FY24 the covenant terms were:
- EBIT/net interest payable more than or equal to 1.0 times
- Net debt/EBITDA less than or equal to 4.0 times until the Q4 2024 testing point, reducing to less than or equal to 3.6 times from Q1 FY25 through to the end of the going concern period.
- Minimum liquidity testing at each week-end point on a four-week historical basis and 13-week forward looking basis. Minimum liquidity is defined as 'available cash and undrawn RCF greater than or equal to £10m'.
- The spread rates on the leverage ratio remain at the following levels:

Leverage (consolidated net debt to EBITDA)	Margin (% per annum)
Greater than 3.5:1	4.35
Greater than 3.0:1 and less than or equal to 3.5:1	4.15
Greater than 2.5:1 and less than or equal to 3.0:1	3.95

Accounting policies continued

In order to determine the appropriate basis of preparation for the financial statements for the period ended 30 March 2024, the Directors must consider whether the Group can continue in operational existence for the going concern review period to 28 September 2025, taking into account the above liquidity headroom and covenant tests.

The terms of the facility agreement also include consideration of future options for the Group and provision of non-financial deliverables. These requirements have been monitored throughout the year and have continued to be achieved to the satisfaction of all parties.

Testing assumptions

The Group has prepared profit and cash flow forecasts which cover a period up to 28 September 2025 (Q2 FY26), being the going concern period. This includes the following quarters: Q2, Q3 and Q4 FY25 and Q1, Q2 FY26 as well as monthly liquidity testing points over the period.

The Directors consider that a period of at least 14 months to 28 September 2025 is an appropriate going concern period given this is the first quarterly covenant test which is greater than 12 months from the opinion date. While the current RCF is due to expire before this date, the Directors are confident that the further progression of the sale of Authentication will provide sufficient liquidity within the going concern period (notwithstanding the material uncertainty as described above).

Base case assumptions

The base case forecasts over the going concern period have been developed taking into consideration the timing of the Currency recovery that has been materialising in the marketplace with order book growth and bid activity showing positive signs of a market rebound. In addition, renewals of key Authentication contracts, combined with the annualization of contracts already won and starting to produce in the current financial year, aid confidence in the strategic growth forecasted for that division through the going concern period up to 28 September 2025.

The already enacted and largely completed footprint and restructuring projects have right-sized the business for current demand levels. Any ramp up required over the going concern period will be carefully managed in line with pipeline capacity requirements and orders to avoid significant negative fluctuations against base plans.

FY25 results to date indicate the Group is substantially on-track to deliver the FY25 budget from an EBIT and EBITDA perspective, with key order book wins secured to deliver the in-year plan.

In Currency, the Group is seeing clear evidence of the expected market recovery. While the overall market remains unpredictable, our conversion rate of bids to orders since the beginning of this financial year supports the base strategic plan numbers. At March 2024, the total order book stood at £239.2m (25 March 2023: £136.8m).

The timing of tenders has been such that several significant orders have been closed recently, which further supports the base case modelling within the going concern period.

The Group's base case modelling (excluding the repayment of the RCF on or before 1 July 2025) shows headroom on all covenant thresholds across the going concern period.

Non-financial milestones

Over the going concern period, there are a number of non-financial milestones such as the provision of monthly short-term cash flow (STCF) submissions and monthly progress updates.

Management have proactively implemented a bi-monthly 13-week cash flow process with the outturn of this and monthly monitoring reports shared with the relevant stakeholders in line with the amended terms from June 2023. The Directors are confident that all of the non-financial conditions and monthly monitoring will continue to be met over the going concern period.

Downside modelling

Our downside modelling has incorporated the Directors' assessment of events that could occur in a 'severe yet plausible downside' scenario. The risks modelled are directly linked to the Risk Committee 'principal risks' described on page 56 of this Annual Report and the Directors note there are no new matters which present additional principal risks. The most significant material risks modelled were as follows:

Accounting policies continued

Risk 3 Macroeconomic and geo-political risk

- Authentication new wins and implementations are not achieved in the timescales modelled in the base case.
- Cost inflation in the base case is assumed to be 4.5% in the UK, 1.5% in Malta and 10% in Sri Lanka, with no corresponding revenue inflation assumption. Inflationary impacts have already been considered in the FY25 budget, with the Group having sufficient sight of selling prices and costs that no additional inflationary downside is necessary for FY25 and no element of recovery on selling prices has been incorporated into any modelling in FY26.
- Supply chain risks are monitored regularly by the Group. Fixed price contracts are in place for utilities until September 2024 (i.e. the end of Q2 FY25) and latest utility estimates had also been reviewed from external brokers which confirmed base utility costs are reducing. No reduction was factored into the base case and with overall inflation pressures already considered above, the downside risk modelled is appropriate.

Risk 10 Banking facilities

- The Group will be paying an interest rate on its facilities of approximately 9% based on the current SONIA rate of 5.25% and the applicable margin. The base case modelling is aligned with the latest forward interest rate curves that indicate a significant reduction in interest rates over the going concern period. The bonding pipeline was also considered and a £5m cash collateral expectation has been factored into the base case from July 2024 to support the strong bid activity around the Group. Under the base case, interest would need to increase by circa £9.7m at the lowest point for a breach to occur in Q2 FY26. Given the forward interest rate curves are suggesting a reduction in interest rates, management have assessed this risk as remote.

Risk 11 Kenya taxation and exit strategy

- Cash outflow assumed over and above the base case, which includes acceleration of amounts to finalise in-country settlements.

Risk 13 Currency pipeline

- Volumes and budget margins are not achieved as forecasted in the going concern period, including revenue contracts not landing and volume reductions against base plan. For FY25, this represents a margin reduction of £6.7m (34%) of our unsecured order book margin as of June 2024. For currency pipeline downside risks modelled, margins have been determined using the average margin and/or known unsecured jobs targeted.

As a result of the liquidity testing requirement, the Directors also considered historical monthly working capital swings over the last three years. This analysis also included assessing periods where management's conclusion was that "material uncertainty" existed, specifically between November 2022 and June 2023. Management also analysed weekly cash outflow averages to ensure that adequate considerations have been made to capture 'in quarter' working capital swings that the Group can see given the volatility of working capital in the Currency business in particular. A £15m working capital outflow, excluding non-recurring items, was incorporated on top of the modelled plausible severe downside to apply monthly to liquidity testing. Sufficient liquidity headroom remained.

The Directors noted that working capital and cash management have improved in the business over the course of FY24, resulting in a circa £10m improvement in net debt achieved vs initial FY24 budgeted expectations. The base case and working capital stress modelling have not been updated to reflect these improvements, which means there are additional mitigations with regards to net debt and liquidity that the Company has at its disposal for quarterly testing dates should they be required.

If all of these modelled downside risks were to materialise in the going concern period, the Group would still meet its required covenant ratios and maintain sufficient liquidity, after taking into account mitigating actions, such as identified cost saving opportunities which the Directors consider to be within the Group's control, for example the deferral of uncommitted operating expenditure and a reduction in capital expenditure.

The Group's 'severe yet plausible' downside modelling (excluding the repayment of the RCF on or before 1 July 2025) shows headroom on all covenant and liquidity thresholds across the going concern period.

Stress-testing

Under the severe yet plausible downside modelling, EBIT and EBITDA would need to drop in excess of the Group's historic forecasting inaccuracy over the last few years for any breach to occur. On liquidity this would need to drop in excess of what the Group has experienced over the last three years on recurring cash flow swings. This is taking into account mitigating actions within the Board's control, including the timing of supplier payments and capital expenditure.

Accounting policies continued

The Directors have concluded that a breach is remote on the financial covenants given:

- FY25 results to date indicate the Group is materially on-track to deliver the FY25 budget from an EBIT and EBITDA perspective.
- Management considers that, given the longer-term and consistent nature and renewals of its Authentication contracts, the key revenue and the corresponding EBIT/EBITDA risk is mainly in regard to the Currency division whereby the timing of contract wins and delivery of the current order book in line with the strategy has historically impacted performance against forecasts in previous periods. The Currency order book is showing encouraging signs of recovery, with an order book increase supported by a continued trend in win rates and the multi-year nature of the order book. For FY25, 68% of budgeted revenue had already been secured by June 2024.
- Severe stress testing of liquidity excluded mitigating actions, as noted above, that management could employ and still showed headroom under stress. The Directors consider the liquidity risk to be low given the current trading performance and order book profile.
- Additionally, the Group is currently paying an interest rate on its facilities of approximately 9% based on the current SONIA rate of over 5% and the applicable margin. As previously noted, the increase in underlying SONIA rate required to breach covenants is deemed to be remote by the Directors.
- The Directors are comfortable that any non-financial conditions and reporting requirements have been achieved and will be throughout the going concern period.

Additional modelling

In addition to the above, management have performed modelling that assumes the theoretical sale of the Authentication division. This modelling took into account the expected use of funds, which includes full repayment of the RCF, mitigation of any risk to the De La Rue UK defined benefit pension scheme and expected transaction costs. This modelling indicated sufficient cash liquidity, including the expected use of funds, between the theoretical completion date and the end of the going concern period, taking into account the required liquidity of the remaining Group through to 28 September 2025, with the Group benefitting from reduced interest costs in particular.

However, management acknowledge that the probability and timing of completion and final agreed terms of any such transaction are subject to factors outside of the Board's control, which could lead to a scenario whereby the Group and Company would have to seek alternative financing to repay the RCF on or before 1 July 2025, or obtain an extension to the RCF from the lenders. Both of these options are outside of the Board's control.

Furthermore, even in the event that the transaction is completed prior to 1 July 2025 and the RCF is repaid, the amount that will be retained by Group is subject to factors outside of the Board's control, having taken into account the Group's cash position on disposal, the final sale price, transaction costs and any cash outflows addressing the pension risk.

Conclusion

Based on the above, the Board has concluded the following:

1. Both the base case modelling and the severe yet plausible modelling indicate that the Group would generate sufficient positive cashflows to continue operating as a going concern over the 14-month period ending 28 September 2025, excluding the need to repay the RCF on or before 1 July 2025. Similarly, there would be no expected breaches of financial and non-financial covenants (assuming no changes to the existing covenants).

2. Given recent discussions, the Board is confident that further progression of the sale of Authentication will ultimately allow the Group to repay in full the RCF before its expiration on 1 July 2025, satisfy future bonding requirements, mitigate any risks to the De La Rue UK defined benefits pension scheme, and continue to operate the remaining business as a going concern.

3. Management's base case modelling indicates that the Group would not have sufficient funds or the ability to repay the RCF on or before 1 July 2025 when it becomes due, given that the timing, probability of completion and terms of the sale of the Authentication division are subject to factors outside of the Board's control. The circumstances which would follow non-repayment of the RCF on or before 1 July 2025, including the manner in which the Group's lenders would seek to recover funds, would not be within the control of the Directors. Furthermore, even in the event of a transaction completing, the proceeds that will be retained (and immediately available) in the Group to address its ongoing liquidity requirements following the repayment of the RCF, are subject to factors outside of the Board's control. These include the Group's cash position on disposal, the final sale price, transaction costs and any cash outflows addressing the pension risk. These matters represent a material uncertainty which may cast significant doubt upon the Group's ability and the Company's ability to continue as a going concern for a period up to 28 September 2025.

The financial statements do not contain the adjustments that would result if the Group and Company were unable to continue as a going concern.

II New Standards, interpretations and amendments adopted by the Group

Other than as described below, the accounting policies adopted in the preparation of these consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements as at, and for the period ended, 25 March 2023.

As at the reporting date, 30 March 2024, several amendments apply for the first time in FY24 and their impact on these consolidated financial statements of the Group is described below.

For the amendments that become effective in future periods the Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The impacts of applying these policies are not considered material.

Accounting policies continued

New standards and amendments effective in the year:

- **Amendments to IFRS 17 "Insurance Contracts"** – The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. This is not applicable to the Group.
- **Amendments to IAS 1 "Presentation of financial statements"** – Disclosure of material accounting policy information – Amendments to IAS 1 and IFRS Practice Statement 2 – The amendments aim to help entities provide accounting policy disclosures that are more useful by: replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The Group has disclosed its material accounting policy information only.
- **Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"** – Definition of Accounting Estimates – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
- **Amendments to IAS 12 "Income Taxes"** – covering temporary differences for deferred tax on the recognition of assets and liabilities from a single transaction. For FY24, this has impacted the deferred tax balances for leases where a tax deduction arises on the payment of lease liabilities rather than on asset deprecation. This has not impacted the opening reserves or the current period tax charge; however the deferred tax asset and liabilities related to leases have now been disclosed separately in note 15, including the comparative balances. There is no impact on the net deferred tax asset or liability position on the balance sheet due to the effect of jurisdictional offset.
- **Amendments to IAS 12 "International Tax Reform Pillar Two Model Rules"**, including mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The Pillar Two legislation is not expected to apply to the Group as the revenue threshold is not expected to be met.

New standards and amendments not yet effective:

- **Amendments to IAS 1 "Presentation of financial statements"** – Classification of Liabilities as Current or Non-current – The amendments clarify: what is meant by a right to defer settlement; that a right to defer must exist at the end of the reporting period; that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.
- **Amendments to IFRS 16 "Leases"** – Lease liabilities in a sale and leaseback – This amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.
- **Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures"** – Supplier Finance Arrangements, subject to UK endorsement – The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Effective for periods commencing after 1 January 2025, all subject to UK endorsement:

- **Amendments to IAS 21 "The effect of changes in foreign exchange rates"** – Lack of exchangeability – The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

III Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company and its subsidiaries prepared at the consolidated statement of financial position date (30 March 2024).

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group is considered to control an entity when it is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through exerting control over the entity.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated financial statements from the date that control commences or until the date that control ceases. Intra-group balances and transactions are eliminated on consolidation. The majority of the subsidiaries prepare their financial statements up to 30 March 2024.

Accounting policies continued

The results of subsidiaries where the financial statements are not prepared to 30 March are still included in the consolidation as at 30 March with the income statement and other financial information being also prepared for the year ended 30 March 2024.

For partly owned subsidiaries, the allocation of net assets and net earnings to outside shareholders is shown in the line "Attributable to Non-controlling interests" on the face of the consolidated statement of comprehensive income and the consolidated statement of financial position.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The consideration transferred in the acquisition is measured at fair value as are the identifiable assets and liabilities acquired. The excess of the fair value of consideration transferred and the amount of non-controlling interests (as applicable) over the fair value of net assets acquired is accounted for as goodwill. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred and are presented within exceptional items in accordance with the Group's policy.

IV Material accounting policy information

The material accounting policies adopted in the preparation of these consolidated financial statements have been incorporated into the relevant notes where possible. General accounting policies which are not specific to an accounting area are set out below.

A Foreign currency

1. Foreign currency transactions

These financial statements are presented in sterling, which is the functional and presentational currency of the Company. The functional currency of Group entities is principally determined by the primary economic environment in which the respective entity operates.

Transactions in foreign currencies entered into by Group entities are translated into the functional currencies of those entities at the rates of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Foreign currency non-monetary items measured in terms of historical cost are translated at the rate of exchange at the date of the transaction. Exchange differences on non-monetary items measured at fair value are recognised in line with whether the gain or loss on the non-monetary item itself is recognised in the income statement or other comprehensive income.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts. Refer to note 13 for details of the Group's accounting policies in respect of such derivative financial instruments.

2. Translation of foreign operations on consolidation

Assets and liabilities of foreign operations, including goodwill and intangible assets, are translated into GBP (the presentational currency of the Group) at the exchange rate prevailing at the balance sheet date. Income and expenses are translated at average exchange rates (which approximate to actual rates). Exchange differences arising on re-translation are recognised in other comprehensive income within the Group's currency translation reserve, which is a component of equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

B Revenue recognition

The Group accounts for revenue under IFRS 15. IFRS 15 provides a single, five-step principles-based model to be applied to all contracts with customers which requires identification of the contract for accounting purposes, the separate performance obligations within the contract, the transaction price for the contract, allocation of the transaction price and recognition of revenue on satisfaction of performance obligation.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Accounting policies continued

Type of product/ service/segment	Nature and timing of satisfaction of performance obligations	Revenue recognition under IFRS 15
Authentication segment	The Group has certain contracts which operate in the form of an umbrella agreement with the local government which awards the Group to be the provider of an end-to-end authentication track and trace system. The umbrella agreement specifies the nature of services and products to be provided. However, these agreements do not include any purchase commitments from local governments and do not give the Group an enforceable right to payment. Instead, the umbrella agreement allows for the Group to enter into individual agreements with individual manufacturers and provides it with the right to sell physical authentication products (such as tax stamps) thus giving the Group an enforceable right to payment from each individual manufacturer for physical products sold.	The Group has therefore determined that these umbrella contracts do not meet the definition of a contract for IFRS 15 accounting purposes. Instead, the relevant contract for IFRS 15 purposes is the contract with the individual manufacturers in the country. It is the manufacturers which represent the customers from an IFRS 15 perspective. Consequently, as the Group only has one performance obligation in the revenue contract with the manufacturer (such as delivery of tax stamps) and only has a right to payment for this performance obligation, no revenue is allocated and recognised on delivery of any other deliverables (such as the software to track tax stamps) under the umbrella agreement.
	Authentication also enters into contracts with performance obligations that include access to systems which incorporates system configuration and integration and the provision of authentication products such as tax stamp, all of which are provided together. For contracts entered into with a single party and where multiple performance obligations are included, the transaction price for the contract is allocated to each performance obligation separately identified.	Revenue on the sale of authenticity products, including tax stamps, is recognised when control passes to the customer based on the standalone selling price of the product. Stand-alone selling prices are typically calculated using the "expected cost-plus margin" approach. Control generally passes on delivery of the physical product to the customer or the issuance of a digital security key. Revenue in relation to system access is recognised on a straight-line basis over the life of the contract as the customer receives the benefit.
	The Group has determined that for certain Authentication contracts (given the highly bespoke nature of the products) with enforceable right to payment, the customer controls all of the work in progress as the products are being manufactured. This is because under those contracts, authentication products are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, plus a reasonable profit margin.	Revenue for certain Authentication contracts with enforceable right to payment will be recognised over time for physical product produced to date and ahead of delivery to the customer. Revenue is recognised progressively based on the input method based on the cost incurred relative to the expected total cost.
Currency segment: Supply of banknotes	The Group has determined that for certain banknote contracts (given the highly bespoke nature of the products) with enforceable right to payment, the customer controls all of the work in progress as the products are being manufactured. This is because under those contracts, currency products are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, plus a reasonable margin. For other banknote contracts, where customers do not take control of the goods until they are completed or delivered, revenue is recognised at the point in time when control transfers to the customer. If the Group has recognised revenue, but not issued an invoice, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.	Revenue for certain banknote contracts with enforceable right to payment will be recognised over time for banknotes produced to date and ahead of delivery to the customer. Revenue is recognised progressively based on the input method based on the cost incurred relative to the expected total cost. Revenue for other banknote contracts, where customers do not take control of the goods until they are completed is recognised based on contractual terms which will determine when control has passed to the customer. This might include recognition of revenue on inventory placed into storage for the customer, so long as it is demonstrated that control of the product has passed to the customer.
Currency segment: Supply of banknotes along with other services	In addition to the supply of banknotes, which is a separate performance obligation (see above), additional and separate performance obligations such as design and storage services have been identified.	The value attributable to the additional performance obligations is deemed to be immaterial. Accordingly, no separate value will be attributed to these performance obligations; instead, the consideration in the contract will be entirely allocated to the single performance obligation of supplying currency.

Accounting policies continued

C Costs to obtain contracts

1. Sales commissions

Management expects that incremental commission fees paid to intermediaries and employees as a result of obtaining long-term sales contracts are recoverable. The Group therefore capitalises them as contract costs where the contract signed with the customer creates enforceable rights and obligations. If a sales contract takes the form of an over-arching umbrella agreement which does not create such enforceable rights and obligations (i.e. committed sales volumes and values from the customer) then sales commission payments are not capitalised.

2. Capitalised commission fees are amortised when the related revenues are recognised

The Group applies the practical expedient in IFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred, if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

3. Bid costs

Bid costs are capitalised only when they relate directly to a contract and are incremental to securing the contract and would not have been incurred had the contract not been won. There were £nil capitalised bid costs in FY24 (FY23: £nil) where costs met this requirement. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expenses when incurred.

4. Deferred costs

The Group incurs costs on certain (mainly Authentication division) contracts in advance of recording revenue. On these contracts costs are capitalised on the balance sheet and recognised in the income statement over the period when revenue is recognised if the following criteria are met:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or continuing to satisfy) performance obligations in the future; and
- costs are expected to be recovered.

D Other revenue recognition matters

1. Bill and hold revenue

Certain customers require the Group to store completed inventory for them ahead of them taking delivery once they require it. Revenue is recognised on a bill and hold basis when:

- It can first be demonstrated that control of the product has passed to the customer – principally because the customer has taken the risk and/or title for the product transferred to them and the Group has an enforceable right to payment; and
- It can be demonstrated that the arrangement is substantive, for example, that the customer has requested it.

2. Variable consideration on contracts

The Group has a small number of contracts where the terms with the customers place a limit on the profit margin that can be earned under these. As these profit margins impact the amount of revenue that the Group can bill the customers, detailed reconciliations of the profit margins earned on these contracts at each reporting period end are completed to ensure that amount of revenue recorded in the year is not overstated (i.e. to ensure the transaction price is "constrained" in accordance with IFRS 15). Any adjustment required is recorded as a reduction to revenue based on the most likely amount.

The Group also has other potential forms of variable consideration in the form of prices concessions and discounts which may be offered to customers and penalties or fines which might be incurred if the Group did not fully perform against contract deliverables. If a discount or price concession is offered to a customer this is taken into account in the estimated transaction price for the contract to ensure it is "constrained" in accordance with IFRS 15. If the Group anticipates a penalty or a fine to be incurred this is estimated and accounted for as a reduction from the transaction price again to ensure it is "constrained" in accordance with IFRS 15.

3. Warranties

All warranties are considered to be of a standard nature (assurance type) and as such are accounted for under IAS 37 rather than IFRS 15.

Accounting policies continued

V Critical accounting estimates, assumptions and judgements

Management has discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. Management is required to exercise significant judgement in the application of these policies. Estimates are made in many areas and the outcome may differ from that calculated.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out in "B. Critical accounting estimates" below.

Other accounting estimates that are not considered to have a significant risk of causing a material adjustment with the next financial year but which the Group would like to draw attention to due to judgements or longer-term estimates are set out in "C. Other areas of accounting estimates" below.

A Critical accounting judgements

1. Determination of lease term

Management has made certain judgements on lease terms based on the Group's current expectations of whether break or renewal options will be taken. In arriving at these judgements, management has considered its current business plans including the locations in which it wants to operate in addition to the impact of any cost-out programmes it is considering.

2. Revenue recognition and cut-off

Customer contracts will often include specific terms that impact the timing of revenue recognition. The timing of the transfer of control varies depending on the individual terms of the sales agreement.

For sales of products the transfer usually occurs on loading the goods onto the relevant carrier; however the point at which control passes may be later if the contract includes customer acceptance clauses or control passes on arrival at the customer location. Control will also pass if the customer requests that goods are held in storage until required. Specific consideration is needed at year end to ensure revenue is recorded within the appropriate financial year.

This judgement is particularly important in the Currency division due to the material nature of certain contracts which may ship near to a reporting period end. Management has carefully reviewed material customer contracts with particular focus on those shipping in the last quarter of the financial period to ensure revenue has been recorded in the correct year.

3. Revenue recognition and determination of whether an enforceable right to payment exists

For certain customer contracts, revenue is recognised over time in accordance with IFRS 15, as the Group has an enforceable right to payment.

Determination of whether the Group had an enforceable right to payment requires careful analysis of the legal terms and conditions included within the customer contract and consideration of applicable laws and customary legal practice in the territory under which contract is enforceable.

External legal advice is obtained if considered necessary to allow management to make this assessment. Management has carefully reviewed material contracts relating to revenue recognised in the period to determine if an enforceable right to payment exists which results in revenue being recorded 'over-time' rather than 'point in time'.

In FY24 the Group has had customer contracts where revenue is recognised 'over-time' in the Currency and Authentication divisions.

4. Classification of exceptional items

The Directors consider items of income and expenditure which are material by size and/or by nature and not representative of normal business activities should be disclosed separately in the financial statements so as to help provide an indication of the Group's underlying business performance. The Directors label these items collectively as 'exceptional items'. Determining which transactions are to be considered exceptional in nature is often a subjective matter.

However, circumstances that the Directors believe would give rise to exceptional items for separate disclosure would include: gains or losses on the disposal of businesses, curtailments on defined benefit pension arrangements or changes to the pension scheme liability which are considered to be of a permanent nature and non-recurring fees relating to the management of historical scheme issues; restructuring of businesses; asset impairments and costs associated with the acquisition and integration of business combinations.

All exceptional items are included in the appropriate income statement category to which they relate. Refer to note 5 for further details.

Accounting policies continued

5. Accounting for the extension of the factory site in Malta

On 9 September 2021, the Group signed an Agreement with Malta Enterprise ("ME") where ME finances the construction, civil works and machinery and equipment installations to be carried out at the premises located in Malta. The premises included land, the demolition of an existing building and a rebuild to the Group's specifications. On 14 September 2021, the Company signed a lease for the premises for an initial term of 20 years. The Group is managing the construction of the new buildings for the lessor to the pre-agreed specifications.

Management has made a judgement as to whether the Company has control of the site during the construction period. If the Group has the right to control the use of the identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. It was determined that control exists only after the build is completed and site becomes available for use.

As per the agreement, there are three separate units with different start-up dates. Therefore, the lease will be recognised as these units become available for use. The lease costs will be allocated to the division to which they relate, based on area. However, if the cost relates to the total site, then it is divided based on the percentage split of the area, with 27% of the total sqm occupied by Authentication and 73% by Currency.

The first block is currently scheduled to be completed in H1 25. Therefore, management has concluded that no lease should be recognised in FY24. The lease will be recognised when the building becomes available for use.

Please refer to note 25 for the related future capital commitments.

6. Accounting for the change in the terms of the banking facilities

a. 29 June 2023 amendments

On 29 June 2023, the Company entered into a number of documents which had the effect of amending the terms of the revolving facility agreement with its lending banks and their agents.

A quantitative assessment was carried out where the updated terms are considered to have been substantially modified where the net present value of the cash flows under the updated terms, including any fees paid and discounted using the original Effective Interest rate ("EIR") differs by at least 10% from the present value of the remaining cash flows under the original terms. Based on the procedure performed there was a net impact of 4.64%. Therefore, there is no substantial modification on a quantitative basis.

A qualitative review was also undertaken where all the key changes in the updated facility were assessed. Excluding those that had quantitative impacts, the other changes related to covenants. The changes to the covenant tests are not considered substantial as they are amending previously agreed limits with the exception of the minimum liquidity testing, which is a new test. The minimum liquidity test is not considered to be substantial.

The change in existing banking facilities is treated as a non-substantial modification under IFRS 9 "Financial Instruments", as the refinancing did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the previous terms of the facility and the present value of the updated terms of the facility, discounted using the effective interest rate, resulted in a modification loss.

b. 18 December 2023 amendments

On 18 December 2023, the Company entered into a number of documents which had the effect of amending the terms of the revolving facility agreement with its lending banks and their agents.

A quantitative assessment was carried out where the updated terms are considered to have been substantially modified where the net present value of the cash flows under the updated terms, including any fees paid and discounted using the original Effective Interest rate ("EIR") differs by at least 10% from the present value of the remaining cash flows under the original terms. Based on the procedure performed there was a net impact of 1.45%. Therefore, there is no substantial modification on a quantitative basis.

A qualitative review was also undertaken where all the key changes in the updated facility were assessed. Excluding, those that had quantitative impacts, the other changes related to covenants. The changes to the covenant tests are not considered substantial as they are amending previously agreed limits with the exception of the minimum liquidity testing, which is a new test. The minimum liquidity test is not considered to be substantial.

The change in existing banking facilities is treated as a non-substantial modification under IFRS 9 "Financial Instruments", as the refinancing did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the previous terms of the facility and the present value of the updated terms of the facility, discounted using the effective interest rate, resulted in a modification loss.

The net loss on debt modification was £5.6m, including a loss on the debt modification in June 2023 of £4.8m and a loss on the debt modification in December 2023 of £0.8m.

Accounting policies continued

B Critical accounting estimates

1. Recoverability of other financial assets

In FY23, management assessed the recoverability of the carrying value of securities interests held in the Portals International Limited group on the balance sheet and recorded an expected credit loss provision in relation to the original principal value and interest receivable which was recorded in exceptional items in FY23 consistent with the original recognition as part of the loss on disposal (note 5).

Management carefully assessed the recoverability of the other financial assets on the balance sheet as at 25 March 2023 based on information available to them and performed probability weighted modelling against three scenarios determining that an expected credit loss provision of £8.5m was required which fully impaired these other financial assets. Management has considered the following factors in making this determination:

1) The public announcement from the Portals group relating to the wind down of the Overton paper mill and its sale of assets.
2) The latest available financial position of Portals International Limited group as presented in its 2022 consolidated financial statements including significant losses for the period and a net liabilities position.
3) The announcement of the sale of the Fedrigoni business to IN Groupe in May 2023.

This provision accounts for the risk that the full amounts due will not be recovered rather than the instruments being credit impaired. Management noted that if factors change again in the future, this may alter the judgements made resulting in a revision to the value of expected credit loss provision to be recognised.

During FY24, £0.3m was received to settle some of these other financial assets. This was unexpected and no further amounts were expected as at 30 March 2024. However, a further £0.2m was received, again unexpectedly, in June 2024 in settlement of some of these other financial assets. The £0.5m credit has been reflected in exceptional items in FY24 (note 5). After a further review, management has concluded that there has been no change in the assessment of the remaining other financial assets in FY24.

The amount presented on the balance sheet within other financial assets as at 30 March 2024 of £nil (25 March 2023: £nil) included the original principal received and accrued interest amounts, fully offset by the expected credit loss provision.

2. Post-retirement benefit obligations

Pension costs within the income statement and the pension obligations/assets as stated in the balance sheet are both dependent upon a number of assumptions chosen by management with advice from professional actuaries. These include the rate used to discount future liabilities, the expected longevity for current and future pensioners and estimates of future rates of inflation. The discount rate is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

The Group engages the services of professional actuaries to assist with calculating the pension liability (note 23).

3. Tax

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for those taxes. The level of current and deferred tax recognised is dependent on subjective judgements as to the outcome of decisions to be made by the tax authorities in the various tax jurisdictions around the world in which the Group operates.

It is necessary to consider which deferred tax assets should be recognised based on an assessment of the extent to which they are regarded as recoverable, which involves assessment of the future trading prospects of individual statutory entities, the nature and level of any deferred tax liabilities from other items in the accounts such as pension positions, and overseas tax credits that are carried forward for utilisation in future periods, including some that have been allocated to Governmental authorities as part of investment projects.

The actual outcome may vary from that anticipated. Where the final tax outcomes differ from the amounts initially recorded, there will be impacts upon income tax and deferred tax provisions and on the income statement in the period in which such determination is made.

The Group has current tax provisions recorded within current tax liabilities, in respect of uncertain tax positions. In accordance with IFRIC 23, tax provisions are recognised for uncertain tax positions where it is considered probable that the position in the filed tax return will not be sustained and there will be a future outflow of funds to a taxing authority. Tax provisions are measured either based on the most likely amount (the single most likely amount in a range of possible outcomes) or the expected value (the sum of the probability-weighted amounts in a range of possible outcomes) depending on management's judgement on how the uncertainty may be resolved.

The Group is disputing tax assessments received in certain countries in which the Group operates. These tax assessments have been subject to court ruling both in favour of the Group and also against the Group. The rulings are subject to ongoing appeal processes. The Group has increased the relevant tax provisions and is fully provided where necessary as required by the relevant accounting standards. The disputed tax assessments are subject to ongoing dialogue with the relevant tax authorities to reach a settlement without the requirement to continue in a protracted legal process. Please refer to notes 7 and 15 for further information.

Accounting policies continued

C Other areas of accounting estimates

1. Impairment test of Goodwill and acquired Intangibles

Goodwill relates to the acquisition in FY17 of De La Rue Authentication Inc. (previously DuPont Authentication Inc). The goodwill has been tested for impairment during the year as IAS 36 "Impairment of Assets" requires annual testing for assets with an indefinite life. For the purposes of impairment testing the Cash Generating Unit ("CGU") for the goodwill has been determined as the De La Rue Authentication entity as a whole. This is consistent with the fact that the entity is not fully integrated into the Group and the integrated nature of the Intellectual Property and other assets which collectively generate cash flows.

The FY24 impairment test calculated the recoverable amount using the fair value less costs to sell approach as it was considered to provide a higher amount than the value in approach. Fair value less costs to sell is the arm's length sale price between knowledgeable willing parties less costs of disposal. Fair value represents Level 3 in the FV hierarchy.

The fair value less costs to sell of the CGU was derived from recent expressions of interest for the Group's Authentication division. These expressions of interest were received from third parties and are considered to be at arm's length. For further information on these expressions of interest, refer to the going concern disclosures within the accounting policies section of these financial statements.

To determine the implied CGU valuation from the divisional valuation, management analysed the contribution of the CGU to total Authentication revenues, EBITDA and Adjusted operating profit in both FY24 (actual) and FY25 (budgeted).

The recoverable amount at the testing date was significantly in excess of the carrying value at 30 March 2024.

The key assumptions supporting the recoverable amount include the valuation of the Authentication division as a whole, along with the budgeted revenue, EBITDA and Adjusted operating profit contributions of the CGU (expressed as a percentage of the total). There are no reasonable possible changes in these key assumptions that would cause the recoverable amount to fall below the carrying amount of the CGU.

A decrease in the fair value of the CGU of 5% would result in a reduction of the headroom of 11% and would not result in an impairment.

2. Recoverability assessment and impairment charges related to plant and machinery, capitalised product development costs and assets under construction

Kenya operations

In January 2023, the Group announced that owing to current market demand, and no expectation of new banknote orders from the Central Bank of Kenya for at least the next 12 months, De La Rue Kenya (a joint venture with the Government of Kenya) has suspended banknote printing operations in the country. In addition, operations in our Authentication division were also wound down and suspended at the start of FY24. As a result of the review of the business in Kenya in FY23 an exceptional charge of FY23: £12.6m was made including redundancy charges of £5.5m, property, plant and equipment asset impairments of £4.9m, inventory impairments of £2.0m and other costs of £0.2m. There is not expected to be any recoverable value relating to these assets.

Property, plant and equipment and assets under construction impairments

In FY24 impairment charges of £3.4m were made in relation to plant and machinery and £1.1m in relation to assets in the course of construction. A review was carried out of assets held by the Currency division and as a result £4.5m of assets were identified for impairment, mostly relating to assets that were originally to be utilised in another location where there is no longer the demand.

The above have been included within exceptional items (note 5).

3. Onerous contract provisions

The financial statements also included a small number of onerous contract provisions for loss making contracts. Management has assessed these and applied judgement in determining the required level of provisioning including how, in accordance with IAS 37, the lowest unavoidable costs of exiting or fulfilling the contract have been calculated.

4. Estimation of provisions

The Group holds a number of provisions relating to warranties for defective products and contract penalties. Management has assessed these and applied judgement in determining the value of provisions required.

Notes to the accounts

1 Segmental analysis

The continuing operations of the Group have two main operating units: Currency and Authentication.

In the prior period, FY23, there were three main operating units being Currency, Authentication and Identity Solutions. In FY23, Identity Solutions included minimal non-core activities and primarily related to sales under a service agreement with HID Corporation Limited following the sale of the International Identity Solutions business in October 2019. In FY24, these had ceased and will no longer be presented in future periods, resulting in comparative data only being presented.

The Board, which is the Group's Chief Operating Decision Maker, monitors the performance of the Group at this level and there are therefore two reportable segments. The principal financial information reviewed by the Board is revenue, adjusted operating profit and assets and liabilities.

The Group's segments are:
- **Currency** – provides Banknote print, Polymer and Security features.
- **Authentication** – provides the physical and digital solutions to authenticate products through the supply chain and to provide tracking of excisable goods to support compliance with government regulators. Working across the commercial and government sectors the division addresses consumer and Brand owner demand for protection against counterfeit goods.

Inter-segmental transactions are eliminated upon consolidation. There is no history of seasonality or cyclability of operations.

FY24	Currency £m	Authentication £m	Identity Solutions £m	Unallocated £m	Total of Continuing operations £m
Total revenue from contracts with customers	207.1	103.2	–	–	310.3
Less: inter-segment revenue	–	–	–	–	–
Revenue from contracts with customers	207.1	103.2	–	–	310.3
Cost of sales	(160.5)	(63.9)	–	–	(224.4)
Gross profit	46.6	39.3	–	–	85.9
Adjusted operating expenses	(40.9)	(24.7)	–	–	(65.6)
Other operating income	0.7	–	–	–	0.7
Adjusted operating profit	6.4	14.6	–	–	21.0
Adjusted items:					
– Amortisation of acquired intangible assets	–	(1.0)	–	–	(1.0)
– Net exceptionals	(7.4)	(0.7)	–	(6.1)	(14.2)
Operating (loss)/profit	(1.0)	12.9	–	(6.1)	5.8
Interest income	–	–	–	0.5	0.5
Interest expense	(0.7)	–	–	(18.5)	(19.2)
Net retirement benefit obligation finance income	–	–	–	(2.5)	(2.5)
Net finance expense	(0.7)	–	–	(20.5)	(21.2)
(Loss)/profit before taxation	(1.7)	12.9	–	(26.6)	(15.4)
Capital expenditure on property, plant and equipment (excluding grants received)	(7.8)	(4.4)	–	(0.4)	(12.6)
Capital expenditure on intangible assets (note 10)	(1.2)	(3.3)		(0.1)	(4.6)
Impairment of property, plant and equipment (note 9)	(4.5)	–	–	–	(4.5)
Depreciation of property, plant and equipment and right-of-use-assets (note 9/22)	(9.8)	(2.7)	–	(0.9)	(13.4)
Amortisation of intangible assets (note 10)	(1.2)	(4.6)		(0.1)	(5.9)

Notes to the accounts continued

1 Segmental analysis continued

FY23	Currency £m	Authentication £m	Identity Solutions £m	Unallocated £m	Total of Continuing operations £m
Total revenue from contracts with customers	254.6	91.7	3.4	–	349.7
Less: inter-segment revenue	–	–	–	–	–
Revenue from contracts with customers	254.6	91.7	3.4	–	349.7
Cost of sales	(196.4)	(57.7)	(3.5)	–	(257.6)
Gross profit/(loss)	58.2	34.0	(0.1)	–	92.1
Adjusted operating expenses	(44.6)	(19.7)	–	–	(64.3)
Adjusted operating profit/(loss)	13.6	14.3	(0.1)	–	27.8
Adjusted items:					
– Amortisation of acquired intangible assets	–	(1.0)	–	–	(1.0)
– Net exceptionals	(38.4)	(7.9)	(0.1)	(0.7)	(47.1)
Operating (loss)/profit	(24.8)	5.4	(0.2)	(0.7)	(20.3)
Interest income	1.0	–	0.1	0.1	1.2
Interest expense	(0.9)	(0.1)	–	(10.6)	(11.6)
Net retirement benefit obligation finance expense	–	–	–	1.1	1.1
Net finance income/(expense)	0.1	(0.1)	0.1	(9.4)	(9.3)
(Loss)/profit before taxation	(24.7)	5.3	(0.1)	(10.1)	(29.6)
Capital expenditure on property, plant and equipment (excluding grants received)	(7.9)	(7.1)	–	(0.2)	(15.2)
Capital expenditure on intangible assets (note 10)	(2.9)	(7.4)	–	(0.1)	(10.4)
Impairment of property, plant and equipment (note 9)	(3.9)	(1.5)	–	–	(5.4)
Impairment of intangible assets (note 10)	(1.4)	(2.9)	–	–	(4.3)
Depreciation of property, plant and equipment and right-of-use assets (note 9/22)	(11.1)	(2.6)	–	(1.0)	(14.7)
Amortisation of intangible assets (note 10)	(1.3)	(3.4)	–	(0.6)	(5.3)

	Currency £m	Authentication £m	Identity Solutions £m	Unallocated £m	Total of Continuing operations £m
FY24					
Segmental assets	155.3	83.3	–	55.7	294.3
Segmental liabilities	(70.0)	(15.0)	–	(206.7)	(291.7)
FY23					
Segmental assets (restated)*	169.9	68.5	15.8	82.0	336.2
Segmental liabilities	(70.4)	(14.0)	(4.5)	(224.7)	(313.6)

* Segmental assets and liabilities in FY23 have been restated as a result of a reassessment of the unallocated assets.

Unallocated assets principally comprise deferred tax assets of £0.1m (FY23: £5.9m), cash and cash equivalents of £29.3m (FY23: £40.3m), derivative financial instrument assets of £0.7m (FY23: £2.4m), centrally managed property, plant and equipment of £17.5m (FY23: £9.0m), and centrally managed right-of-use assets of £3.1m (FY23: £2.7m), as well as current tax assets, and amounts due from associates.

Unallocated liabilities principally comprise retirement benefit obligations of £51.6m (FY23: £54.7m), borrowings of £117.2m (FY23: £118.4m), current tax liabilities of £20.4m (FY23: £23.2m), derivative financial instrument liabilities of £3.3m (FY23: £1.9m), lease liabilities of £3.9m (FY23: £3.4m) as well as deferred tax liabilities and centrally held accruals and provisions.

Geographic analysis of non-current assets

	2024 £m	2023 £m
UK	88.0	97.7
Malta	25.2	27.5
USA	13.1	15.1
Sri Lanka	6.0	7.7
Other countries	0.5	0.5
	132.8	148.5

Note:
1. Deferred tax assets of £0.1m in FY24 (FY23: £5.9m) are excluded from the analysis shown above.

Major customers

The Group had no (FY23: one) major customer from which it derived total revenues in excess of 10% of Group revenue.

Notes to the accounts continued

2 *Revenue from contracts with customers*

Information regarding the Group's major customers, and a segmental analysis of revenue is provided in note 1.

Timing of revenue recognition across the Group's revenue from contracts with customers is as follows:

FY24	Currency £m	Authentication £m	Identity Solutions £m	Total of Continuing operations £m
Timing of revenue recognition:				
Point in time	180.9	92.0	–	272.9
Over time	26.2	11.2	–	37.4
Total revenue from contracts with customers	207.1	103.2	–	310.3

FY23	Currency £m	Authentication £m	Identity Solutions £m	Total of Continuing operations £m
Timing of revenue recognition:				
Point in time	217.6	78.3	3.4	299.3
Over time	37.0	13.4	–	50.4
Total revenue from contracts with customers	254.6	91.7	3.4	349.7

Revenue by customer type

	2024 £m	2023 £m
Government contracts	251.8	288.3
Corporate contracts	58.5	61.4
	310.3	349.7

Geographic analysis of revenue by destination

	2024 £m	2023 £m
Middle East and Africa	137.1	145.4
Asia	39.2	39.3
UK	21.1	55.7
The Americas	25.1	24.8
Rest of Europe	52.7	71.2
Rest of world	35.1	13.3
	310.3	349.7

Contract balances

The contract balances arising from contracts with customers are as follows:

	Note	2024 £m	2023 £m
Trade receivables	12	39.6	42.3
Provision for impairment	12	(0.6)	(0.6)
Net trade receivables	12	39.0	41.7
Contract assets		16.7	18.9
Contract liabilities	16	(0.2)	(0.3)
Payments received on account	16	(23.1)	(22.7)

Trade receivables have decreased to £39.6m in FY24 (FY23: £42.3m) reflecting timing of payments on certain material customer contracts.

Contract assets have decreased to £16.7m in FY24 (FY23: £18.9m) reflecting the timing of the revenue recognition under IFRS 15. The Group applies the simplified approach when measuring the contract assets' expected credit losses. The approach uses a lifetime expected credit loss allowance. The expected credit losses are reviewed annually and the credit loss relating to contract assets is not significant.

Costs to obtain contracts of £nil (FY23: £nil) have been capitalised in the year where the contract has yet to be won.

Set out below is the amount of revenue recognised from:

	2024 £m	2023 £m
Amounts included in contract liabilities at the beginning of the year	0.3	–
Performance obligations satisfied in previous years	–	–

Payments on account

	2024 £m	2023 £m
Balance at the start of the year	22.7	14.3
Additions	42.8	21.7
Revenue recognised	(42.4)	(13.3)
Balance at the end of the year	23.1	22.7

Performance obligations

Information about the Group's performance obligations is summarised in the Accounting Policies section on page 142.

Notes to the accounts continued

2 Revenue from contracts with customers continued

The following table shows the transaction price allocated to remaining performance obligations for contracts with original expected duration of more than one year. The Group has decided to take the practical expedient provided in IFRS 15.121 not to disclose the amount of the remaining performance obligations for contracts with original expected duration of less than one year.

	2024 £m	2023 £m
Within 1 year	12.0	12.4
Between 2 – 5 years	3.0	15.5
5 years and beyond	–	–
	15.0	27.9

3 Other operating income

	2024 £m	2023 £m
Other operating income	0.7	–

Other operating income in FY24 of £0.7m (FY23: £nil) relates to other miscellaneous income.

4 Operating expenses

	Note	2024 £m	2023 £m
Cost of sales relating to inventory		220.2	249.2
Depreciation of property, plant and equipment	9	10.9	12.5
Amortisation of intangibles	10	5.9	5.3
Impairment of inventories	11	2.7	1.0
Depreciation of right-of-use assets	22	2.5	2.2
Expenses related to short-term and low-value leases	22	0.4	0.6
Research and non-capitalised development expense*		2.9	5.1
Employee costs (including Directors' emoluments)	24	76.4	95.0
Share based payments	20	1.4	1.9
Foreign exchange loss		2.1	1.6
Amounts payable to EY and its associates:			
– Audit of these consolidated financial statements		0.7	0.6
– Audit of the financial statements of subsidiaries pursuant to legislation		0.5	0.4
– Non-audit services		0.2	0.1
– Taxation services		–	–

Note:
* Includes £0.7m income in FY24 for RDEC claims (FY23: £0.7m). The Group policy is to net RDEC relating to research and development against the expense.

5 Exceptional items

Accounting policies

Exceptional items are disclosed separately in the financial statements to provide readers with an increased insight into the underlying performance of the Group.

	2024 £m	Cash £m	Non-cash £m	2023 £m	Cash £m	Non-cash £m
Termination of Relationship Agreement with Portals Paper Limited	–	–	–	17.0	9.3	7.7
Site relocations and restructuring costs	9.0	4.3	4.7	21.1	7.6	13.5
Pension underpin costs	0.3	0.3	–	0.5	0.5	–
Costs associated with pension deferment and banking refinancing	5.4	5.1	0.3	–	–	–
	14.7	9.7	5.0	38.6	17.4	21.2
(Reversal)/recognition of expected credit loss provision on other financial assets	(0.5)	(0.3)	(0.2)	8.5	–	8.5
Total exceptional items	14.2	9.4	4.8	47.1	17.4	29.7
Tax (credit)/charge on exceptional items	(5.2)			5.1		
Net exceptionals	9.0			52.2		

In FY24, £9.4m (FY23: £17.4m) of the reported exceptional items were settled in cash. An additional £9.2m was settled in cash in relation to prior year exceptional items, with £7.5m relating to the termination of the Relationship Agreement with Portals Paper Limited and £1.7m relating to restructuring costs. In aggregate, £18.6m was settled in cash in FY24 relating to exceptional items.

Termination of Relationship Agreement with Portals Paper Limited

On the 26 July 2022, the Group reached a settlement to terminate its long-term supply agreement with Portals Paper Limited ("Portals"), related to the supply of banknote, proofing and security paper (the "Relationship Agreement" or "RA"). As a result of this termination £17.0m was recorded as an exceptional item in FY23, being the agreed settlement together with associated legal costs. The final payment under the RA of £7.5m was made in April 2023.

Notes to the accounts continued

5 Exceptional items continued

Site relocation and restructuring costs

Site relocation and restructuring costs in FY24 of £9.0m (FY23: £21.1m) included the following:

- A £4.1m (FY23: £2.5m) charge for redundancy and legal fees were made in relation to restructuring initiatives in both the Currency £2.8m (FY23: £1.2m), Authentication £0.8m (FY23: £1.3m) divisions and the Central enabling functions £0.5m (FY23: £nil) in order to right-size the divisions for future operations. Since these programmes commenced, £6.6m of costs have been incurred in relation to this. No further costs are expected in relation to these initiatives in FY25.
- In FY24, impairment charges of £3.4m were made in relation to plant and machinery and £1.1m in assets in the course of construction (FY23: £nil). A review was carried out of assets held by the Currency division and as a result £4.5m of assets were identified for impairment mostly relating to assets that were originally to be utilised in another location where there is no longer the demand. In addition, £0.2m of costs were incurred in relation to these assets in preparation for their anticipated move.
- In FY23, the Group announced that owing to current market demand, and no expectation of new bank note orders from the Central Bank of Kenya for at least the next 12 months, De La Rue Kenya (a subsidiary with a material non-controlling interest held by the Government of Kenya) has suspended banknote printing operations in the country. In addition, operations in our Authentication division were wound down in the year. As a result of the mothballing of operations in Kenya an exceptional charge of £nil (FY23: £12.6m) was made in FY24 including redundancy charges of £0.1m (FY23: £5.5m), property, plant and equipment asset impairments of £nil (FY23: £4.9m), and other costs of £nil (FY23: £0.2m), offset by £0.1m of proceeds from the sale of previously impaired inventory (FY23: £2.0m impairment). Since this programme commenced, £12.6m of costs have been incurred in relation to this. No further costs are expected in relation to this project in FY25.
- The recognition of £0.2m (FY23: £1.1m) of restructuring charges related to the cessation of banknote production at our Gateshead facility primarily relating to the costs, net of grant income received of £0.1m, of relocating assets to different Group manufacturing locations. Since this programme commenced, £10.0m of costs have been incurred in relation to this. This relocation of assets is expected to be completed in FY25 as the Group continues its expansion of the manufacturing facilities in Malta (net of grants received) and the Group works towards exiting from the Gateshead facility; and
- In FY24, impairment charges of £nil (FY23: £4.3m) were made in relation to capitalised product development costs and software assets. In FY23 a review was carried out as part of the Authentication business right-sizing programme of ongoing development projects. With the resulting restructuring initiatives, the Group no longer had the technical and financial ability to complete two programmes. As a result, in FY23, work on the two programmes was terminated and the technology mothballed with the associated capitalised costs impaired (£2.9m). A further £1.4m of software assets relating to the Currency business were impaired in FY23 as future revenue relating to these assets were minimal. No further costs were incurred in FY24.
- In FY23, £0.6m of charges relating to other cost out initiatives including the initial Turnaround Plan restructuring of our central enabling functions, selling and commercial functions. Since this programme commenced, £3.4m of costs have been incurred in relation to this. No further costs were incurred in FY24.

Pension underpin costs

Pension underpin costs of £0.3m (FY23: £0.5m) relate to legal fees, net of amounts recovered, incurred in the rectification of certain discrepancies identified in the Scheme's rules. The Directors do not consider this to have an impact on the UK defined benefit pension liability at the current time, but they continue to assess this.

Costs associated with pension payment deferment and banking refinancing

Costs associated with pension payment deferment and the banking refinancing amounted to £5.4m (FY23: £nil) in the period. This included legal and professional advisor fees.

Pension payment deferment

The Company has not paid any deficit reduction contributions to the Main Scheme over the period to 30 March 2024.

On 3 April 2023, the Company and the Trustee agreed to defer the deficit reduction contribution due under the previous Recovery Plan, payable on 5 April 2023, to 26 May 2023. Subsequently, on 25 May 2023 the Company and the Trustee agreed to defer the deficit contribution due on 26 May 2023 to 5 July 2023. In June 2023, the Company and the Trustee agreed to defer all the deficit reduction contributions due to recommence from 5 April 2024 and a new Recovery Plan has been agreed between the Company and the Trustee. The legal and professional advisor costs associated with this pension payment deferment were £1.3m.

An actuarial valuation of the Scheme has been undertaken as at 30 September 2023. This was required by the Trustee to support the Company's renegotiation of the funding arrangements. This was not a normal cycle valuation and therefore the costs associated with this have been recorded as exceptional items due to their nature and size.

The new valuation showed a Scheme deficit of £78m. As a result of this new valuation, on 18 December 2023, the Company and the Scheme Trustee agreed a new schedule to fund the deficit. The funding moratorium until July 2024 as previously agreed will be retained, with the only payment being £2.5m due on a repayment event such as either on the repayment of the RCF or when the RCF is wholly refinances or the end of the current RCF facility in July 2025. This will be followed by deficit repair contributions from the Company of £8m per annum to the end of FY27, followed by higher contributions that at no time exceed £16m per annum and which run until December 2030 or until the Scheme becomes fully funded.

The next periodic actuarial valuation will be as at the end of September 2026, with the Scheme Trustee undertaking to provide the results of this valuation by January 2027, ahead of any increase in contribution from £8m per annum. The costs associated with the new funding payment arrangements have been recorded as exceptional items due to their nature and size. The legal and professional advisor costs associated with this pension payment deferment were £1.3m.

Notes to the accounts continued

5 *Exceptional items continued*

Banking refinancing

On the 29 June 2023, the Company entered into a number of documents which had the effect of amending the terms of the revolving facility agreement with its lending banks and their agents, including changes to covenants (note 17). These documents are an amendment and restatement agreement with the various lenders and the banks' agents and security agent, a debenture between the Company, certain other Group companies and the banks' security agent and inter-creditor agreement between the creditors. As a result of these changes, the facilities are secured against material assets and shares within the Group. The legal and professional costs associated with this in the period was £1.7m.

On 18 December 2023, the Group entered into a new agreement with its banking syndicate to extend its banking facilities to July 2025. From this date the Group will have Bank facilities of £235m including an RCF cash drawn component of up to £160m (a reduction of £15m) and bond and guarantee facilities of a maximum of £75m. The covenant tests described in note 17 will continue to apply to the facilities, other than the liquidity covenant where the minimum headroom is now defined as "available cash and undrawn RCF greater than or equal to £10m", to reflect the £15m reduction in RCF. In addition, an arrangement fee is due, equal to 1% of the facility, which will reduce to 0.5% if the facility is refinanced before 30 June 2024. The legal and professional costs associated with this in the period was £1.1m.

(Reversal)/recognition of expected credit loss provision on other financial assets

Other financial assets comprise securities interests held in the Portals International Limited group which were received as part of the consideration for the paper disposal in 2018. In accordance with IFRS 9, management assessed the recoverability of the carrying value on the balance sheet and recorded an expected credit loss provision in relation to the original principal value and interest receivable. This was recorded in exceptional items in FY23, consistent with the original recognition as part of the loss on disposal. The amount presented on the balance sheet within other financial assets as at 30 March 2024 of £nil (25 March 2023: £nil) included the original principal received and accrued interest amounts, fully offset by the expected credit loss provision.

During FY24, the Group recognised a credit of £0.5m in relation to a reversal of the expected credit loss provision relating to other financial assets (FY23: £8.5m credit loss provision recognised).

On 21 July 2023, the Company received notice that Portals International Limited were to repay an amount of £290,266 (which comprised the principal amount of £227,280 and accrued interest of £62,986) on 1 August 2023. This was part of the £899,138 loan notes issued by Portals in November 2021. This was unexpected. A credit of £0.3m was recognised in exceptionals relating to this.

On 19 June 2024, the Company received notice that Portals International Limited were to repay an amount of £104,245 (which comprised the principal amount of £85,801 and accrued interest of £18,144) on 24 June 2024. This was part of the £899,138 loan notes issued by Portals in November 2021. This was unexpected. A credit of £0.1m was recognised in exceptionals as this is an adjusting post balance sheet event under IAS 10 "Events after the reporting period".

On 19 June 2024, the Company also received notice that Portals Finance Limited were to repay an amount of £147,887 (which comprised the principal amount of £81,537 and accrued interest of £66,350) on 24 June 2024. This was part of the £32,000,000 loan notes issued by Portals in March 2018. This was unexpected. A credit of £0.1m was recognised in exceptionals as this is an adjusting post balance sheet event under IAS 10 "Events after the reporting period".

Management has assessed that no further amounts are expected to be received and hence no change has been made to the expected credit loss.

Taxation relating to exceptional items

The overall tax credit relating to continuing exceptional items arising in the period was £5.2m (FY23: tax charge £5.1m), and relates to the following items:

- £2.3m credit for the release of uncertain tax positions related to the expiry of an indemnity period in May 2023, following the Cash Processing Solutions Limited business sale in May 2016.
- £0.2m credit for the release of other uncertain tax positions no longer considered necessary.
- £0.5m charge for the portion of the UK corporate interest restriction which has arisen as a consequence of the exceptional costs.
- £3.2m credit for the tax relief on exceptional costs before tax, at broadly 25%.

Included in the exceptional tax items in FY23 is a deferred tax charge of £4.0m relating to the derecognition of a deferred tax asset in relation to restricted UK tax interest amounts that under IAS12 had to be recognised in prior years even though the amounts are not expected to be fully utilised for the foreseeable future. The asset was originally recognised because the defined benefit pension was in a surplus position which led to a deferred tax liability relating to pensions in the UK, and under IAS any potential deferred tax assets must be recognised against this deferred tax liability.

During FY23, the pension moved from a surplus to a deficit position, which meant that the deferred tax asset on the UK restricted UK tax interest amounts is no longer required to be recognised. As the majority of the deferred tax in relation to the pension movements is recognised directly in the Statement of Comprehensive Income, to recognise movements in the recognition and derecognition of this asset as an operating item would distort the Operating Effective Tax Rate and therefore considered to be unhelpful for users of the accounts. This movement and any future creation or unwind of this asset is therefore considered to be an Exceptional item for financial reporting purposes where possible.

The FY23 exceptional items also includes a tax charge in respect of additional expected utilisation of tax credits in Malta of £6.1m, as they are expected to be surrendered for capital grants against future capital expenditure in Malta.

Notes to the accounts continued

6 *Interest income and expense*

Accounting policies

Interest income/expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset/liability to the net carrying amount of that asset/liability.

	2024 £m	2023 £m
Recognised in the income statement		
Interest income:		
– Other interest	0.5	0.1
– Interest on loan notes and preference shares	–	1.1
Total interest income	0.5	1.2
Interest expense:		
– Interest on bank loans	(12.3)	(7.2)
– Other, including amortisation of finance arrangement fees	(3.7)	(3.2)
– Net loss on debt modification	(2.7)	(0.7)
– Interest on lease liabilities (note 22)	(0.5)	(0.5)
Total interest expense	(19.2)	(11.6)
Retirement benefit obligation finance (expense)/income (note 23)	(2.5)	1.1
Net finance expense	(21.2)	(9.3)

All finance income and expense arise in respect of assets and liabilities not restated to fair value through the income statement.

Interest on loan notes and preference shares

Interest due on the loan notes and preference shares relates to interests held in the Portals International Limited group (formerly Mooreco Limited) (obtained as part of the considered for the Portals Paper disposal). In accordance with IFRS 9 "Financial Instruments", in FY23, management assessed the recoverability of the carrying value on the balance sheet and recorded an expected credit loss provision in relation to the original principal value and interest receivable which was recorded in exceptional items consistent with the original recognition as part of the loss on disposal. The amount was presented on the balance sheet within other financial assets as at 30 March 2024 of £nil (FY23: £nil) included the original principal received and accrued interest amounts, fully offset by the expected credit loss provision. The provision accounted for the risk that the full amounts due are now considered to be credit impaired. As a result, no further interest receivable has been recognised in FY24 (note 5).

Net loss on debt modification

On 18 November 2022 the Group's existing banking facilities were extended until 1 January 2025 with a 25-basis point increase in margin, which is treated as a non-substantial modification under IFRS 9 Financial Instruments, as the refinancing did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the old facility and the present value of the new facility, discounted using the original effective interest rate, resulted in a modification loss. The loss on debt modification was £0.9m together with the subsequent associated amortisation of £0.2m were recorded in FY23.

On 29 June 2023, the Company entered into a number of documents which had the effect of amending the terms of the revolving facility agreement with its lending banks and their agents. This change in existing banking facilities is treated as a non-substantial modification under IFRS 9 "Financial Instruments", as the refinancing did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the previous terms of the facility and the present value of the updated terms of the facility, discounted using the effective interest rate, resulted in a modification loss. The loss on the debt modification in June 2023 was £4.8m.

On 18 December 2023, the Group entered into a new agreement with its banking syndicate to extend its banking facilities to July 2025. From this date the Group will have bank facilities of £235m including an RCF cash drawn component of up to £160m (a reduction of £15m) and bond and guarantee facilities of a maximum of £75m. Covenant tests will continue to apply to the facilities, other than the liquidity covenant where the minimum headroom is now defined as "available cash and undrawn RCF greater than or equal to £10m", to reflect the £15m reduction in RCF. In addition, an arrangement fee was due, equal to 1% of the facility, which will reduce to 0.5% if the facility is refinanced before 30 June 2024. This change in existing banking facilities is treated as a non-substantial modification under IFRS 9 "Financial Instruments", as the refinancing did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the previous terms of the facility and the present value of the updated terms of the facility, discounted using the effective interest rate, resulted in a modification loss. The loss on the debt modification in December 2023 was £0.8m.

The net loss on debt modification of £2.7m in FY24 included the losses on the June 2023 and December 2023 modifications of £5.6m, offset by the subsequent amortisation of £2.9m (including £0.4m of amortisation of the loss on debt modification recognised in FY23).

Retirement benefit obligation finance (expense)/income

The retirement benefit obligation finance income/expense is calculated under IAS 19 "Employee Benefits" and represents the difference between the interest on pension liabilities and assets. The loss in FY24 of £2.5m (FY23: credit £1.1m) was due to the opening pension valuation on an IAS 19 basis as at 25 March 2023 being a deficit of £54.7m (26 March 2022: surplus of £29.8m).

The gain/(loss) to the income statement in respect of the ineffective portion of derivative financial instruments was £nil (FY23: £nil).

Notes to the accounts continued

7 Taxation

Accounting policies

The tax expense included in the income statement comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, including adjustments in respect of prior periods, using tax rates enacted or substantively enacted by the balance sheet date. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is provided on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the asset is realised, or the liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill not deductible for tax purposes or result from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, except for transactions giving rise to equal taxable and deductible temporary differences including temporary differences associated with right-of-use assets and lease liabilities. In respect of right-of-use lease assets and liabilities, in jurisdictions where the entity receives a tax deduction when it makes lease payments the tax deductions have been attributed to the lease liability as they relate to settling a liability rather than acquiring an asset.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are only offset to the extent that there is a legally enforceable right to offset current tax assets and current tax liabilities, they relate to taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis or to realise an asset and settle a liability simultaneously.

De La Rue has extensive international operations and is subject to various legal and regulatory regimes, including those covering taxation matters from which, in the ordinary course of business, uncertainty over the tax treatment can arise. De La Rue assesses whether it is probable or not the tax authority will accept the tax treatment; if probable that the treatment will be accepted then the potential tax effect of the uncertainty is a tax-related contingency. If it is not probable of being accepted, the most likely amount or the expected value is recognised. There are some tax assessments where a provision has been made on the basis of a combination of advice received and management judgement. The amount provided may be less than the headline figures on assessments received from a tax authority and reflect an estimate of a more likely outcome on the basis of current communications with the tax authority. In the possible event that there was an adverse outcome to any dispute this could result in a material outflow.

	2024 £m	2023 £m
Current tax		
UK corporation tax:		
– Current tax	0.7	11.9
– Adjustment in respect of prior years	0.3	0.1
	1.0	12.0
Overseas tax charges:		
– Current year	(0.8)	2.1
– Adjustment in respect of prior years	(0.2)	(0.3)
	(1.0)	1.8
Total current income tax charge	–	13.8
Deferred tax:		
– Origination and reversal of temporary differences, UK	4.2	7.4
– Origination and reversal of temporary differences, overseas	(0.5)	6.4
Total deferred tax charge (note 15)	3.7	13.8
Total income tax charge in the consolidated income statement	3.7	27.6
Tax on continuing operations attributable to:		
– Ordinary activities	9.2	22.8
– Amortisation of acquired intangible assets	(0.3)	(0.3)
– Exceptional items (note 5)	(5.2)	5.1
	3.7	27.6

Notes to the accounts continued

7 Taxation continued

	2024 £m	2023 restated* £m
Consolidated statement of comprehensive income:		
– On remeasurement of net defined benefit liability	1.3	(11.8)
– On cash flow hedges	–	0.1
– On foreign exchange on quasi-equity balances	–	0.1
Income tax charge/(credit) reported within other comprehensive income	1.3	(11.6)
Consolidated statement of changes in equity:		
– Deferred tax on share options	–	0.5
Income tax charge reported within equity	–	0.5

Note:
* The Group Consolidated Statement of Comprehensive Income for FY23 has been restated as described in the Basis of preparation (note I).

The tax on the Group's consolidated loss before tax differs from the UK tax rate of 25% as follows:

	2024				2023			
	Before exceptional items £m	Movement on acquired intangibles £m	Exceptional items £m	Total £m	Before exceptional items £m	Movement on acquired intangibles £m	Exceptional items £m	Total £m
(Loss)/profit before tax	(0.2)	(1.0)	(14.2)	(15.4)	18.5	(1.0)	(47.1)	(29.6)
Tax calculated at UK tax rate of 25% (FY23: 19.0%)	(0.1)	(0.3)	(3.5)	(3.9)	3.5	(0.2)	(8.9)	(5.6)
Effects of overseas taxation	0.7	–	–	0.7	1.1	(0.1)	1.2	2.2
Charges/(credits) not allowable/taxable for tax purposes	(1.5)	–	–	(1.5)	0.5	–	1.7	2.2
Changes in uncertain tax provisions	(1.3)	–	(2.5)	(3.8)	8.5	–	–	8.5
Movement in unrecognised deferred tax assets	11.6	–	0.6	12.2	7.9	–	4.0	11.9
Utilisation of tax credits previously recognised for deferred tax	–	–	–	–	–	–	6.1	6.1
Adjustments in respect of prior years	(0.2)	–	0.2	–	(0.5)	–	–	(0.5)
Impact of UK tax rate change on deferred tax balances	–	–	–	–	1.8	–	1.0	2.8
Tax charge/(credit)	9.2	(0.3)	(5.2)	3.7	22.8	(0.3)	5.1	27.6

Notes to the accounts continued

7 Taxation continued

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for those taxes. The level of current and deferred tax recognised is dependent on subjective judgements as to the outcome of decisions to be made by the tax authorities in the various tax jurisdictions around the world in which the Group operates. It is necessary to consider which deferred tax assets should be recognised based on an assessment of the extent to which they are regarded as recoverable, which involves assessment of the future trading prospects of individual statutory entities.

During FY24, there was a charge in the Income Statement for the derecognition of deferred tax asset balances totalling £12.2m (FY23: £11.9m), with unrecognised deferred tax assets increasing to £51.5m (FY23: £39.3m restated) as detailed in note 15.

The actual outcome may vary from that anticipated. Where the final tax outcomes differ from the amounts initially recorded, there will be impacts upon income tax and deferred tax provisions and on the Income Statement in the period in which such determination is made.

The Group has current tax provisions recorded within current tax liabilities, in respect of uncertain tax positions. In accordance with IFRIC 23, tax provisions are recognised for uncertain tax positions where it is considered probable that the position in the filed tax return will not be sustained and there will be a future outflow of funds to a taxing authority. Tax provisions are measured either based on the most likely amount (the single most likely amount in a range of possible outcomes) or the expected value (the sum of the probability weighted amounts in a range of possible outcomes) depending on management's judgement on how the uncertainty may be resolved.

The Group is disputing tax assessments received from the tax authorities of some countries in which the Group operates. The disputed tax assessments are at various stages in the appeal processes, but the Group believes it has a supportable and defendable position (based upon local accounting and legal advice), and is appealing previous judgments and communicating with the relevant tax authority. The Group's expected outcome of the disputed tax assessments is held within the relevant provisions in the 2024 financial statements.

The uncertain tax positions credit of £3.8m (FY23: £8.5m charge) includes £2.5m included within exceptional tax items related to the expiry of an indemnity period in May 2023, following the Cash Processing Solutions Limited business sale in May 2016. Of the remaining £1.5m credit, £0.5m relates to favourable movements in exchange rates for other provisions rather than a change to the underlying provided amounts and £1.0m relates to the release of provisions no longer considered necessary. The remaining provisions for uncertain tax positions total £18.2m (FY23: £22.0m) and are contained within current tax liabilities.

8 Earnings per share

Accounting policies

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held in the employee share trust which are treated as treasury shares.

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted for the impact of the dilutive effect of share options.

The Directors are of the opinion that the publication of the adjusted EPS, before exceptional items, is useful to readers of the accounts as it gives an indication of underlying business performance.

Earnings per share	2024 pence per share	2023 pence per share
Basic EPS – continuing operations	(10.2)	(28.6)
Diluted EPS – continuing operations[1]	(10.2)	(28.6)
Adjusted EPS		
Basic EPS – continuing operations	(5.3)	(1.5)
Diluted EPS – continuing operations	(5.3)	(1.5)
Number of shares (m)		
Weighted average number of shares	195.7	195.4
Dilutive effect of shares	0.2	0.5
	195.9	195.9

Note:
1 The Group reported a loss from continuing operations attributable to the ordinary equity shareholders of the Company for FY23. The Diluted EPS is reported as equal to Basic EPS; no account can be taken of the effect of dilutive securities under IAS 33.

Reconciliations of the earnings used in the calculations are set out below:

	Note	2024 £m	2023 £m
Loss for basic EPS – continuing operations		(20.0)	(55.9)
Add: amortisation of acquired intangibles	10	1.0	1.0
Less: tax on amortisation of acquired intangibles	7	(0.3)	(0.3)
Add: exceptional items (excluding non-controlling interests)	5	14.2	47.1
Less: tax on exceptional items	7	(5.2)	5.1
Loss for adjusted EPS		(10.3)	(3.0)

Notes to the accounts continued

9 *Property, plant and equipment*

Accounting policies

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated provision for impairment in value. Assets in the course of construction are included in property, plant and equipment on the basis of expenditure incurred at the balance sheet date.

Costs of major maintenance activities are capitalised and depreciated over the estimated useful life for the asset.

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The grant reduces the carrying amount of the asset and then is recognised in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

No depreciation is provided on freehold land. Building improvements are depreciated over their estimated useful economic lives of 50 years. Other leasehold interests are depreciated over the lease term.

Plant and machinery are depreciated on a straight-line method over their estimated useful lives which typically range from 10 to 20 years. Fixtures and fittings and motor vehicles are depreciated on a straight-line method over their estimated useful lives which typically range from two to 15 years. No depreciation is provided for assets in the course of construction until they are ready for use.

Depreciation methods, residual values and useful lives are reviewed at least at each financial year end, taking into account commercial and technical obsolescence as well as normal wear and tear, provision being made where the carrying value exceeds the recoverable amount.

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings and motor vehicles £m	In course of construction £m	Total £m
Cost					
At 26 March 2022	53.3	227.2	28.7	23.0	332.2
Exchange differences	0.2	3.8	0.3	0.5	4.8
Additions[1]	1.7	(2.9)	0.5	11.9	11.2
Reclassifications	1.0	12.6	3.5	(17.1)	–
Disposals	(4.0)	(14.1)	(0.9)	–	(19.0)
At 25 March 2023	52.2	226.6	32.1	18.3	329.2
Exchange differences	(0.1)	(1.8)	(0.1)	(0.5)	(2.5)
Additions[1]	–	(8.4)	0.1	12.4	4.1
Reclassifications and transfers from Intangible assets	–	7.2	1.2	(8.0)	0.4
Disposals	–	(0.8)	–	–	(0.8)
At 30 March 2024	52.1	222.8	33.3	22.2	330.4
Accumulated depreciation					
At 26 March 2022	31.7	177.3	20.5	–	229.5
Exchange differences	0.1	3.0	0.3	–	3.4
Depreciation charge for the year	1.0	9.3	2.2	–	12.5
Disposals	(4.0)	(13.9)	(0.8)	–	(18.7)
Impairments[2]	0.5	4.9	–	–	5.4
At 25 March 2023	29.3	180.6	22.2	–	232.1
Exchange differences	(0.1)	(1.7)	(0.1)	–	(1.9)
Depreciation charge for the year	0.9	8.0	2.0	–	10.9
Disposals	–	(0.6)	–	–	(0.6)
Impairments[3]	–	3.4	–	1.1	4.5
At 30 March 2024	30.1	189.7	24.1	1.1	245.0
Net book value at 30 March 2024	22.0	33.1	9.2	21.1	85.4
Net book value at 25 March 2023	22.9	46.0	9.9	18.3	97.1

Notes:

1 During the year £8.5m (FY23: £3.5m) of government grants were received by the Group in cash for the purchase of certain items of property, plant and equipment, which is offset against the plant and machinery additions of £0.1m (FY23: £0.6m). A further £nil (FY23: £0.7m) of government grants were received in cash relating to the prior year.
The following conditions are attached to these grants:
– Malta Phase 1 – to retain an average employment level of 250 workers for a period of 8 years and retain qualifying investment project for a minimum of 8 years. The investment project began on 1 September 2015, therefore ended in September 2023.
– Malta Phase 2 – A further investment project commenced on 9 September 2021 linked to adding a further 100 employees within 4 years of 1 December 2020 and covering a further 8 years of funding.

2 Impairments in FY23 of £5.4m included £4.9m relating to the winddown of operations in Kenya (£0.5m in Land and buildings and £4.4m in Plant and machinery) and £0.5m for impairments in Gateshead, relating to cessation of manufacturing at Gateshead facility (all in Plant and machinery) (note 5).

3 Impairments in FY24 of £3.4m in plant and machinery and £1.1m in assets in the course of construction related to assets held in the Currency division that were originally to be utilised in other locations where there is no longer the demand (note 5).

Notes to the accounts continued

10 Intangible assets

Accounting policies

Impairment of intangible assets

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. In addition, goodwill is tested at least annually for impairment. Impairment tests are performed for all Cash Generating Units ("CGU") to which goodwill has been allocated at the balance sheet date or whenever there is indication of impairment. For the sensitivity information in impairment of goodwill, refer to Accounting policies – "C Other long-term estimation uncertainties".

An impairment loss is recognised immediately in the income statement for the amount by which the asset's carrying value exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In testing intangible assets for impairment, a number of assumptions must be made when calculating future cash flows. These assumptions include growth in customer numbers, market size and sales prices and volumes, all of which will determine the future cash flows.

Other information

Intangible assets purchased separately, such as software licences that do not form an integral part of related hardware, are capitalised at cost less accumulated amortisation and impairment losses. Software intangibles are amortised on a straight-line basis over the shorter of their useful economic life or their licence period at rates which vary between three and five years.

Expenditure incurred in the development of products or enhancements to existing product ranges is capitalised as an intangible asset if the recognition criteria in IAS 38 'Intangible Assets' have been met. Development costs not meeting these criteria are expensed in the income statement as incurred. Capitalised development costs are amortised on a straight-line basis over their estimated useful economic lives, which vary between five and ten years, once the product or enhancement is available for use. Product research costs are written off as incurred.

Intangible assets purchased through a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial acquisition, intangible assets acquired through a business combination are reported at cost less accumulated amortisation and impairment losses.

Intellectual property recorded on the balance sheet relates to the acquisition of De La Rue Authentication Solutions Inc. and is amortised over its expected life of 10 years. Customer relationships, relating to those acquired in the acquisition of De La Rue Authentication Solutions Inc. are amortised over their expected lives of 10 to 15 years. Trade names relating to the acquisition of De La Rue Authentication Solutions Inc. are amortised over their expected lives of 15 years.

Assets in course of construction relates to internally generated software which is not yet completed.

Goodwill

Goodwill relates to the acquisition in FY17 of De La Rue Authentication Inc. (previously DuPont Authentication Inc). The goodwill has been tested for impairment during the year as IAS 36 requires annual testing for assets with an indefinite life. For the purposes of impairment testing the Cash Generating Unit ("CGU") for the Goodwill has been determined as the De La Rue Authentication entity as a whole. This is consistent with the fact that the entity is not fully integrated into the Group and the integrated nature of the Intellectual Property and other assets which collectively generate cash flows.

The FY24 impairment test calculated the recoverable amount using the fair value less costs to sell approach as it was considered to provide a higher amount than the value in approach. Fair value less costs to sell is the arm's length sale price between knowledgeable willing parties less costs of disposal. Fair value represents Level 3 in the FV hierarchy.

The fair value less costs to sell of the CGU was derived from recent expressions of interest for the Group's Authentication division. These expressions of interest were received from third parties and are considered to be at arm's length. For further information on these expressions of interest, refer to the going concern disclosures within the accounting policies section of these financial statements.

To determine the implied CGU valuation from the divisional valuation, management analysed the contribution of the CGU to total Authentication revenues, EBITDA and AOP in both FY24 (actual) and FY25 (budgeted).

The recoverable amount at the testing date was significantly in excess of the carrying value at 30 March 2024.

The key assumptions supporting the recoverable amount include the valuation of the Authentication division as a whole, along with the budgeted revenue, EBITDA and AOP contributions of the CGU (expressed as a percentage of the total). There are no reasonable possible changes in these key assumptions that would cause the recoverable amount to fall below the carrying amount of the CGU.

A decrease in the fair value of the CGU of 5% would result in a reduction in the headroom of 11% and would not result in an impairment.

Notes to the accounts continued

10 Intangible assets continued

	Goodwill £m	Development costs £m	Software assets £m	Intellectual property £m	Customer relationships £m	Trade names £m	In course of construction £m	Total £m
Cost								
At 26 March 2022	8.5	27.1	11.9	3.6	4.3	0.2	10.8	66.4
Exchange differences	0.7	–	0.1	0.3	0.3	–	–	1.4
Additions	–	–	1.4	–	–	–	9.0	10.4
Disposals	–	(0.2)	–	–	–	–	(2.9)	(3.1)
Reclassification	–	0.7	5.3	–	–	–	(6.0)	–
At 25 March 2023	9.2	27.6	18.7	3.9	4.6	0.2	10.9	75.1
Exchange differences	(0.3)	(0.1)	(0.1)	(0.2)	(0.1)	–	–	(0.8)
Additions	–	–	0.1	–	–	–	4.5	4.6
Reclassifications and transfers to Property, plant and equipment	–	0.9	5.1	–	–	–	(6.4)	(0.4)
At 30 March 2024	8.9	28.4	23.8	3.7	4.5	0.2	9.0	78.5
Accumulated amortisation								
At 26 March 2022	–	16.3	8.3	2.0	2.2	0.1	–	28.9
Exchange differences	–	(0.1)	(0.1)	0.3	0.2	–	–	0.3
Amortisation for the year[1]	–	2.1	2.2	0.6	0.4	–	–	5.3
Impairment[2]	–	–	1.4	–	–	–	2.9	4.3
Disposals	–	(0.1)	–	–	–	–	(2.9)	(3.0)
At 25 March 2023	–	18.2	11.8	2.9	2.8	0.1	–	35.8
Exchange differences	–	–	(0.1)	(0.2)	(0.1)	–	–	(0.4)
Amortisation for the year[1]	–	2.2	2.7	0.6	0.4	–	–	5.9
At 30 March 2024	–	20.4	14.4	3.3	3.1	0.1	–	41.3
Net book value at 30 March 2024	8.9	8.0	9.4	0.4	1.4	0.1	9.0	37.2
Carrying value at 25 March 2023	9.2	9.4	6.9	1.0	1.8	0.1	10.9	39.3

Notes:

1 Amortisation of acquired intangibles of £1.0m (FY23: £1.0m) relates to Intellectual property of £0.6m (FY23: £0.6m) and Customer relationships of £0.4m (FY23: £0.4m).

2 Impairments in FY23 of £4.3m included £2.9m relating to product development costs and £1.4m of software licences with limited future revenue generating expectations (note 5).

Notes to the accounts continued

11 Inventories

Accounting policies

Inventories and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises directly attributable purchase and conversion costs, including direct labour and an allocation of production overheads based on normal operating capacity that have been incurred in bringing those inventories to their present location and condition. Net realisable value is the estimated selling price less estimated costs of completion and selling costs.

Valuation of inventory

At any point in time, the Group has significant levels of inventory, including work in progress. Manufacturing is a complex process and the final product is required to be made to exacting specifications and tolerance levels. In valuing the work in progress at the balance sheet date, assessments are made over the normal levels of waste contained within the product based on the production performance to date and past experience. Any abnormal levels of waste is expensed as incurred.

In assessing the recoverability of finished stock, assessments are made to validate that inventory is correctly stated at the lower of cost and net realisable value and that obsolete inventory, including inventory in excess of requirements, is provided against.

	2024 £m	2023 £m
Raw materials	23.5	19.6
Work in progress	11.1	9.6
Finished goods	7.1	20.1
	41.7	49.3

Inventory provisions

	2024 £m	2023 £m
Balance at the beginning of the year	(2.9)	(2.5)
Impairment losses recognised – recognised in operating expenses (note 4)	(2.7)	(1.0)
Utilised	1.7	0.6
Balance at the end of the year	(3.9)	(2.9)

The replacement cost of inventories is not materially different from original cost.

12 Trade and other receivables

Accounting policies

Trade receivables that do not contain a significant financing component are recognised at the transaction price and other receivables are measured at amortised cost. Trade and other receivables are recognised net of allowance for expected credit losses ("ECL"). The Group calculates an allowance for potentially uncollectable accounts receivable balances using the ECL model and follows the simplified approach. The Group has calculated the ECL by segmenting its accounts receivable balances into different segments representing the risk levels applying to those customer groupings and thus allowing for the calculation of the ECL by applying the expected loss rate relevant to each segment. The loss rates applied to each segment are based on the Group historical experience of credit losses in addition to available knowledge of potential future credit risk based on available data such as country credit ratings. The Group reviews the account receivable ledger to identify if there are any collectability issues which might require the recognition of an expected credit loss allowance (i.e. a specific bad debt provision) in addition to the expected credit loss allowance calculated based on historical experience. The Group's policy for managing credit risk is set out in note 13.

	2024 £m	2023 £m
Trade receivables	39.6	42.3
Provision for impairment	(0.6)	(0.6)
Net trade receivables	39.0	41.7
Other receivables[1]	27.4	25.4
Prepayments	6.4	3.6
	72.8	70.7

Note:

1 Other receivables of £27.4m (FY23: £25.4m) included VAT recoverable of £3.7m (FY23: £6.2m), project work-in-progress costs of £2.7m (FY23: £3.3m), RDEC of £2.0m (FY23: £2.5m) and deposits for assets under construction of £2.2m (FY23: £2.2m).

The Group has considered the impact of the war in Ukraine on the recoverability of amounts due from customers in Ukraine, Belarus and Russia. At 30 March 2024 there was £0.3m (FY23: £0.1m) of current balances due relating to Ukraine covered by existing pledges to settle (all of which has now been settled), a £nil (FY23: £nil Russia, £nil Belarus) balance relating to Russia and Belarus.

There is no impact on the Group of the Israel/Hamas conflict as the Group does not trade here. The Group continued to monitor activities in these areas.

Notes to the accounts continued

12 Trade and other receivables continued

The ageing of trade and other receivables (excluding prepayments and provisions for impairment) at the reporting date was:

	Gross 2024 £m	ECL allowance 2024 £m	Gross 2023 £m	ECL allowance 2023 £m
Not past due	63.4	(0.2)	61.3	(0.2)
Past due 0–30 days	2.0	(0.1)	4.4	(0.1)
Past due 31–120 days	0.7	–	1.5	–
Past due more than 120 days*	0.9	(0.3)	0.5	(0.3)
	67.0	(0.6)	67.7	(0.6)

* Of the amounts past due more than 120 days, £0.5m was settled post year-end and therefore excluded from the ECL allowance calculation.

The provision for impairment in respect of trade receivables is used to record losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

The following expected credit loss rates were applied in the year:

	2024		2023	
	Government departments and National banks (for Moody's sovereign rating graded as 'speculative' only)	Private or publicly traded organisations	Government departments and National banks (for Moody's sovereign rating graded as 'speculative' only)	Private or publicly traded organisations
Current not yet due	0.25%	1%	0.25%	1%
<6 months overdue	1%	2%	1%	2%
<1 year overdue	5%	50%	5%	50%
<2 years overdue	25%	100%	25%	100%
>2 years overdue	100%	100%	100%	100%

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2024 £m	2023 £m
Balance at beginning of the year	(0.6)	(0.8)
Impairment losses recognised	(0.1)	(0.2)
Utilised	0.1	–
Impairment losses reversed	–	0.4
Balance at end of the year	(0.6)	(0.6)

13 Financial risk

Financial risk management

The Group's activities expose it to a variety of financial risks, the most significant of which are liquidity risk, market risk and credit risk.

The Group's financial risk management policies are established and reviewed regularly to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The use of financial derivatives is governed by the Group's risk management policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group's treasury department is responsible for the management of these financial risks faced by the Group.

Group treasury identifies, evaluates and in certain cases hedges financial risks in close cooperation with the Group's operating units. Group treasury provides written principles for overall financial risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and the investment of excess liquidity.

13(a) Financial instruments

As permitted by IFRS 9, the Group has continued to apply the requirements of IAS 39 only in relation to hedge accounting at the current time. Derivative financial instruments are recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The gain or loss on subsequent fair value measurement is recognised in the income statement unless the derivative qualifies for hedge accounting when recognition of any resultant gain or loss depends on the nature of the item being hedged.

Notes to the accounts continued

13(a) Financial instruments continued

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and are effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the period in which the hedged item also affects the income statement. However, if the hedged item results in the recognition of a non-financial asset or liability, the amounts accumulated in equity on the hedging instrument are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. The causes of hedge ineffectiveness principally arise from a mismatch in critical terms. For a hedge or forecast sales or purchases, or of a firm commitment where relevant, the following factors could cause a mismatch in critical terms and therefore lead to hedge ineffectiveness: the maturity date of the underlying transaction and the hedging instrument do not match; the underlying transaction is cancelled; the amount of hedged item is reduced so there becomes an over-hedge or the currency of the transaction changes.

Fair value hedges

For an effective hedge of an exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in net income. Gains or losses from remeasuring the derivative or, for non-derivatives, the foreign currency component of its carrying value, are recognised in net income.

Embedded derivatives

Derivatives embedded in other financial liability instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. Any unrealised gains or losses on such separated derivatives are reported in the income statement within revenue or operating expenses, in line with the host contract.

Fair values

The fair value of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Note	Fair value hierarchy	Total fair value 2024 £m	Carrying amount 2024 £m	Total fair value 2023 £m	Carrying amount 2023 £m
Financial assets						
Trade and other receivables[1]	12	Level 3	60.7	60.7	58.4	58.4
Contract assets	2	Level 3	16.7	16.7	18.9	18.9
Cash and cash equivalents	14	Level 1	29.3	29.3	40.3	40.3
Derivative financial instruments:						
– Forward exchange contracts designated as cash flow hedges		Level 2	0.4	0.4	1.2	1.2
– Foreign exchange fair value hedges – other economic hedges		Level 2	0.2	0.2	1.1	1.1
– Embedded derivatives		Level 2	0.1	0.1	0.1	0.1
			0.7	0.7	2.4	2.4
Total financial assets			107.4	107.4	120.0	120.0
Financial liabilities						
Unsecured bank loans[2]	17	Level 2	(118.7)	(118.7)	(122.7)	(122.7)
Trade and other payables[3]	16	Level 3	(57.6)	(57.6)	(66.1)	(66.1)
Derivative financial instruments:						
– Forward exchange contracts designated as cash flow hedges		Level 2	(1.5)	(1.5)	(1.0)	(1.0)
– Short duration swap contracts designated as fair value hedges		Level 2	(0.1)	(0.1)	(0.1)	(0.1)
– Foreign exchange fair value hedges – other economic hedges		Level 2	(1.4)	(1.4)	(0.4)	(0.4)
– Embedded derivatives		Level 2	(0.3)	(0.3)	(0.4)	(0.4)
			(3.3)	(3.3)	(1.9)	(1.9)
Total financial liabilities			(179.6)	(179.6)	(190.7)	(190.7)

Notes:
1 Excludes prepayments of £6.4m (FY23: £3.6m), RDEC of £2.0m (FY23: £2.5m) and VAT recoverable of £3.7m (FY23: £6.2m).
2 Excludes unamortised pre-paid loan arrangement fees of £.5.0m (FY23: £5.0m) and loss on debt modification of £3.5m (FY23: £0.7m).
3 Excludes social security and other taxation amounts of £1.9m (FY23: £3.0m), contract liabilities of £0.2m (FY23: £0.3m) and payments on account of £23.1m (FY23: £22.7m).

Trade receivables decreased to £39.6m compared to £42.3m at FY23 reflecting timing of payments on certain material customer contracts.

Notes to the accounts continued

13(a) Financial instruments continued

Contract assets have decreased from £18.9m at FY23 to £16.7m at FY24. This relates to a decrease in Currency contracts of £1.2m (FY23: increase of £12.7m) and Authentication contracts of £1.0m (FY23: increase of £6.2m).

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 valuations are derived from unadjusted quoted prices for identical assets or liabilities in active markets
- Level 2 valuations use observable inputs for the assets or liabilities other than quoted prices
- Level 3 valuations are not based on observable market data and are subject to management estimates

There has been no movement between levels during the current or prior periods.

Fair value measurement basis for derivative financial instruments

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The valuation bases are classified according to the degree of estimation required in arriving at the fair values. See fair value hierarchy above.

Forward exchange contracts used for hedging

The fair value of forward exchange contracts has been determined using quoted forward exchange rates at the balance sheet date.

Embedded derivatives

The fair value of embedded derivatives is calculated based on the present value of forecast future exposures on relevant sales and purchase contracts and using quoted forward foreign exchange rates at the balance sheet date.

Determination of fair values of non-derivative financial assets and liabilities

Non-derivative financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Hedge reserves

The hedge reserve balance on 30 March 2024 was a loss of £1.2m (FY23: gain £0.1m).

	Cash flow hedges £m	Fair value hedges £m	Total £m
Hedge reserve balance at 25 March 2023	0.1	–	0.1
Change in fair value of hedges	(1.9)	–	(1.9)
Change in fair value of hedges transferred to profit and loss	0.6	–	0.6
Hedge ineffectiveness	–	–	–
Tax related movements	–	–	–
Hedge reserve balance at 30 March 2024	(1.2)	–	(1.2)
Split by:			
– continuing hedges	(1.2)	–	(1.2)
– where hedge accounting is no longer applied	–	–	–

Comprehensive income after tax was a loss of £1.3m (FY23: £0.6m gain) which includes a loss of £1.9m (FY23: loss £1.0m) of fair value movements on new and continuing cash flow hedges and a gain of £0.6m (FY23: gain £1.7m) on maturing cash flow hedges.

Deferred tax on the loss of £1.3m (FY23: gain £0.6m) amounted to £nil (FY23: £0.1m credit).

Hedge reserve movements in the income statement were as follows:

	Revenue £m	Operating expense £m	Exceptional items £m	Total £m
30 March 2024				
Maturing cash flow hedges	1.1	(1.7)	–	(0.6)
Ineffectiveness on de-recognition of cash flow hedges	–	–	–	–
	1.1	(1.7)	–	(0.6)
25 March 2023				
Maturing cash flow hedges	(3.2)	1.7	–	(1.5)
Ineffectiveness on de-recognition of cash flow hedges	–	–	(0.2)	(0.2)
	(3.2)	1.7	(0.2)	(1.7)

The ineffective portion of fair value hedges that was recognised in the income statement amounted to £nil (FY23: £nil).

The ineffective portion of cash flow hedges that was recognised in the income statement within operating expenses was a £nil (FY23: £nil) and within exceptional items was a £nil loss (FY23: £0.2m loss). The loss in FY23 related to the close out of hedges relating to Portals relationship agreement termination (note 5).

Notes to the accounts continued

13(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities where due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents. The level of headroom needed is reviewed annually as part of the Group's planning process.

A maturity analysis of the carrying amount of the Group's borrowings is shown below in the reporting of financial risk section together with associated fair values.

The following are the contractual undiscounted cash flow maturities of financial liabilities, including contractual interest payments and excluding the impact of netting agreements.

30 March 2024	Note	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	After 5 years £m	Total undiscounted cash flows £m	Impact of discounting and netting £m	Carrying amount £m
Non-derivative financial liabilities								
Unsecured bank loans[1]	17	10.9	120.7	0.7	–	132.3	(13.6)	118.7
Trade and other payables[2]	16	57.6	–	–	–	57.6	–	57.6
Obligations under leases	22	2.9	2.2	4.2	23.1	32.4	(20.8)	11.6
Derivative financial liabilities								
Gross amount payable from currency derivatives:								
– Forward exchange contracts designated as cash flow hedges*		77.7	–	–	–	77.7	(76.2)	1.5
– Short duration swap contracts designated as fair value hedges*		28.7	–	–	–	28.7	(28.6)	0.1
Fair value hedges – other economic hedges*		81.5	–	–	–	81.5	(80.1)	1.4
		259.3	122.9	4.9	23.1	410.2	(219.3)	190.9

25 March 2023	Note	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	After 5 years £m	Total undiscounted cash flows £m	Impact of discounting and netting £m	Carrying amount £m
Non-derivative financial liabilities								
Unsecured bank loans[1]	17	9.0	129.4	0.7		139.1	(16.4)	122.7
Trade and other payables[2]	16	66.1	–	–	–	66.1	–	66.1
Obligations under leases	22	4.0	2.7	6.5	23.1	36.3	(23.0)	13.3
Derivative financial liabilities								
Gross amount payable from currency derivatives:								
– Forward exchange contracts designated as cash flow hedges*		91.3	2.3	–	–	93.6	(92.6)	1.0
– Short duration swap contracts designated as fair value hedges*		27.3	–	–	–	27.3	(27.2)	0.1
Fair value hedges – other economic hedges*		35.2	0.7	–	–	35.9	(35.5)	0.4
		232.9	135.1	7.2	23.1	398.3	(194.7)	203.6

Notes:

* Excludes embedded derivatives.

1 Excludes unamortised pre-paid loan arrangement fees of £5.0m (FY23: £5.0m) and loss on debt modification of £3.5m (FY23: £0.7m).

2 Excludes social security and other taxation amounts of £1.9m (FY23: £3.0m), contract liabilities of £0.2m (FY23: £0.3m) and payments on account of £23.1m (FY23: £22.7m).

Notes to the accounts continued

13(b) Liquidity risk continued

The following are the contractual undiscounted cash flow maturities of financial assets, including contractual interest receipts and excluding the impact of netting agreements.

30 March 2024	Note	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due after 5 years £m	Total undiscounted cash flows £m	Impact of discounting and netting £m	Carrying amount £m
Non-derivative financial assets								
Cash and cash equivalents	14	29.3	–	–	–	29.3	–	29.3
Trade and other receivables[1]	12	60.7	–	–	–	60.7	–	60.7
Contract assets	2	16.7	–	–	–	16.7	–	16.7
Derivative financial assets								
Gross amount receivable from currency derivatives:								
– Forward exchange contracts designated as cash flow hedges		18.4	–	–	–	18.4	(18.0)	0.4
– Short duration swap contracts designated as fair value hedges		6.7	–	–	–	6.7	(6.7)	–
– Fair value hedges – other economic hedges*		25.9	–	–	–	25.9	(25.7)	0.2
		157.7	–	–	–	157.7	(50.4)	107.3

25 March 2023	Note	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due after 5 years £m	Total undiscounted cash flows £m	Impact of discounting and netting £m	Carrying amount £m
Non-derivative financial assets								
Cash and cash equivalents	14	40.3	–	–	–	40.3	–	40.3
Trade and other receivables[1]	12	58.4	–	–	–	58.4	–	58.4
Contract assets	2	18.9	–	–	–	18.9	–	18.9
Derivative financial assets								
Gross amount receivable from currency derivatives:								
– Forward exchange contracts designated as cash flow hedges		71.3	0.3	–	–	71.6	(70.4)	1.2
– Short duration swap contracts designated as fair value hedges		1.0	–	–	–	1.0	(1.0)	–
– Fair value hedges – other economic hedges*		88.8	–	–	–	88.8	(87.7)	1.1
		278.7	0.3	–	–	279.0	(159.1)	119.9

Note:
* Excludes embedded derivatives.
1 Excludes prepayments of £6.4m (FY23: £3.6m), RDEC of £2.0m (FY23: £2.5m) and VAT recoverable of £3.7m (FY23: £6.2m).

The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged instrument is more than 12 months and as a current asset or liability if the maturity of the hedged instrument is less than 12 months.

Cash and cash equivalents, trade and other current receivables, contract assets, bank loans, trade payables and other current liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

Notes to the accounts continued

13(b) Liquidity risk continued

Banking facilities

For information on bank facilities refer to note 17 "Borrowings".

Forward foreign exchange contracts

The net principal amounts of the outstanding forward foreign exchange contracts as at 30 March 2024 are US dollar 73.0m, Euro 41.7m, Swiss franc 6.1m, Saudi Arabian riyal 8.9m, Hong Kong dollar 2.8m and United Arab Emirates dirham 6.2m.

None of the net principal amounts outstanding under forward contracts have maturities greater than 12 months.

These forward contracts are designated as cash flow hedges or fair value hedges as appropriate.

Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts at 30 March 2024 will be released to the income statement at various dates between one month and 12 months from the balance sheet date. For this financial year the tables below include all net foreign exchange deliverable forward contracts over £500k.

		Split by:			Split by:			
Hedges versus GB Pounds only	Notional amount in currency 'm	Cash flow hedges in currency 'm	Fair value hedges in currency 'm	Notional amount in £m	Cash flow hedges in £m	Fair value hedges in £m	Maturity	Average forward rate
As at 30 March 2024								
Forward exchange forward contracts								
USD	76.1	19.9	56.2	(60.0)	(15.8)	(44.2)	2025	1.2680
EUR	(50.5)	(44.0)	(6.5)	45.0	38.9	6.1	2025	1.1223
CHF	(0.4)	(0.2)	(0.2)	0.4	0.2	0.2	2024	1.1061
SAR	(8.9)	(6.6)	(2.3)	1.9	1.4	0.5	2025	4.6255
AED	(6.2)	(2.4)	(3.8)	1.4	0.6	0.8	2025	4.5837
As at 25 March 2023								
Forward exchange forward contracts								
USD	110.2	27.3	82.9	(91.1)	(22.8)	(68.3)	2024	1.2099
EUR	(57.5)	(50.5)	(7.0)	50.9	44.9	6.0	2024	1.1313
CHF	(1.3)	(0.7)	(0.6)	1.2	0.6	0.6	2024	1.1247
SAR	(11.6)	(11.6)	–	2.6	2.6	–	2024	4.4951
SEK	64.9	42.4	22.5	(5.1)	(3.3)	(1.8)	2023	12.6468

Note:
Forward sales shown as positive, and purchases shown as negative.

Notes to the accounts continued

13(b) Liquidity risk continued

Hedges versus other currencies	Notional amount currency 1 in m	Split by: Cash flow hedges	Split by: Fair value hedges	Notional amount currency 2 in m	Split by: Cash flow hedges	Split by: Fair value hedges	Maturity	Average forward rate
As at 30 March 2024								
Forward exchange forward contracts:								
EUR/CHF	6.0	6.0	–	(5.7)	(5.7)	–	2025	0.9386
EUR/USD	2.8	2.8	–	(3.1)	(3.1)	–	2024	1.0840
25 March 2023								
Forward exchange forward contracts								
EUR/CHF	6.4	6.4	–	(6.3)	(6.3)	–	2024	0.9789
EUR/USD	2.0	2.0	–	(2.1)	(2.1)	–	2024	1.0639

Notes:
Forward sales are shown as positive and purchases are shown as negative.
Notional amount in currency 1 refers to Euro and notional amounts in currency 2 refer to CHF or USD as indicated.
Notional amounts are shown in the currency as stated and not in GBP.

The Group also entered into a non-deliverable forward ("NDF") foreign exchange contract to hedge 2.1bn Sri Lankan Rupee ("LKR") vs GBP of the Group's LKR exposure which will result in a £0.3m cash outflow in FY25. The trade had a contracted NDF rate agreed of 401.6 and a fixing spot rate of 380.3. This instrument is designated as a fair value hedge and the fair value and income statement impact of this hedge has been reflected in FY24 accordingly.

Short duration swap contracts

(i) Cash management swaps

The Group uses short duration currency swaps to manage the level of borrowings in foreign currencies. The fair value of cash management currency swaps at 30 March 2024 was £nil (25 March 2023: £nil). Gains and losses on cash management swaps are included in the consolidated income statement.

The principal amounts outstanding under cash management currency swaps at 30 March 2024 are: Euro 13.0m, Swiss Franc 2.4m US, Dollar 0.5m and Saudi Arabian riyal 2.4m.

(ii) Balance sheet swaps

The Group uses short duration currency swaps to manage the translational exposure of monetary assets and liabilities denominated in foreign currencies. The fair value of balance sheet swaps as at 30 March 2024 was a £0.1m liability (25 March 2023: £0.1m liability). Gains and losses on balance sheet swaps are included in the consolidated income statement.

The principal amounts outstanding under balance sheet swaps at 30 March 2024 are US dollar 9.9m (FY23: 10.7m), Euro 14.9m (FY23: 12.7m) and Swiss franc nil (FY23: 1.1m).

Embedded derivatives

Embedded derivatives relate to sales and purchase contracts denominated in currencies other than the functional currency of the customer/supplier, or a currency that is not deemed to be a commonly used currency of the country in which the customer/supplier is based. The net fair value of embedded derivatives at 30 March 2024 was a £0.3m liability (25 March 2023: £0.3m liability).

Gains and losses on fair value hedges

The gains and losses recognised in the year on the Group's fair value hedges were a loss of £0.3m (FY23: loss £0.1m) relating to balance sheet hedges, gain of £1.8m (FY23: loss of £6.5m) relating to other fair value hedges and a loss of £0.1m (FY23: £nil) relating to cash management hedges.

Notes to the accounts continued

13(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The Group uses a range of derivative instruments, including forward contracts and swaps to hedge its risk to changes in foreign exchange rates and interest rates with the objective of controlling market risk exposures within acceptable parameters, while optimising the return. Derivative financial instruments are only used for hedging purposes.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, unrecognised firm commitments and investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, transacted with Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Group treasury is responsible for managing the net position in each currency via foreign exchange contracts transacted with financial institutions.

The Group's risk management policy aims to hedge firm commitments in full, and between 60% and 100% of forecast exposures in each major currency for the subsequent 12 months to the extent that forecast transactions are highly probable.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's policy is to manage the currency exposure arising from the net assets of the Group's foreign operations primarily through borrowings denominated in the relevant foreign currencies.

Exposure to currency risk

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2024	2023	2024	2023
US dollar	1.25	1.22	1.26	1.22
Euro	1.16	1.16	1.17	1.14
XAF	760	763	768	748
LKR	398	429	379	393

Sensitivity analysis

A 10% strengthening of Sterling against the following currencies at 30 March 2024 and 25 March 2023 would have increased/(decreased) profit or loss by the amounts shown below based on the Group's external monetary assets and liabilities.

	2024 £m	2023 £m
XAF	(0.5)	(0.4)
EURO	0.6	0.4
LKR	(0.6)	(0.8)
CHF	0.3	0.1

A 10% weakening of Sterling against the above currencies at 30 March 2024 and 25 March 2023 would have had the following effect:

	2024 £m	2023 £m
XAF	0.6	0.5
EURO	(0.7)	(0.4)
LKR	0.7	0.9
CHF	(0.3)	(0.1)

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for FY23.

Interest rate risk

All material financial assets and liabilities are initially contracted at floating rates of interest. Where the Group has forecast average levels of net debt above £50.0m on a continuing basis, the policy is to use floating to fixed interest rate swaps to fix the interest rate on a minimum of 50% of the Group's forecast average levels of net debt for a period of at least 12 months, if sufficient capacity is available in the market to do so. This remains the policy in the medium-term; however the Group was unable to apply this policy during FY24 due to market conditions and this remains the policy in the medium-term and will be reviewed periodically.

Notes to the accounts continued

13(c) Market risk continued

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Note	Carrying amount 2024 £m	Carrying amount 2023 £m
Variable rate instruments:			
Financial assets	14	29.3	40.3
Financial liabilities	17	(118.7)	(122.7)
		(89.4)	(82.4)

At the year ending 30 March 2024 the Group had no floating to fixed interest rate swaps with financial institutions in place.

Excluded from the above analysis is £11.6m (FY23: £13.3m) of amounts payable under leases, which are subject to fixed rates of interest (note 22).

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit and loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and loss 100bp increase £m	Profit and loss 100bp decrease £m	Equity 100bp increase £m	Equity 100bp decrease £m
Variable rate instruments cash flow sensitivity (net)				
30 March 2024	(1.0)	1.0	–	–
25 March 2023	(0.9)	0.9	–	–

13(d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is influenced by various factors, largely pertaining to the profile of the customer as acknowledged in our IFRS 9 Receivables segmentation, in particular the customer's status as a Government or Banking institution as compared to that of a private or publicly owned entity. Due to the large make up of Government or central banks at around 80% of the Group's revenues, measuring credit risk is largely driven by factors including the country's sovereign rating, historic knowledge, local market insights and political factors in country. Industry credit risk is not an influencing factor. The Group's longstanding historic trade with Government and central bank institutions guides strongly towards the lower credit or doubtful debt risk that these customers represent. Where private or publicly owned Business Trade applies, the Business adopts a conventional and in-depth trading entity credit review. Where appropriate, letters of credit are used to reduce the credit risk for the Business and where possible advanced payments are also requested.

All credit assignment risk is mitigated through a threshold-based sign-off matrix, where larger value credit exposures require multiple and more senior Business sign-off. The Group has processes in place to ensure appropriate credit limits are set for customers and for ensuring appropriate approval is given for the release of products to customers where any perceived risk has been highlighted.

Exposure to credit risk

The carrying amount of financial assets represents the credit exposure at the reporting date. The exposure to credit risk at the reporting date was:

	Notes	Carrying amount 2024 £m	Carrying amount 2023 £m
Trade and other receivables[1]	12	60.7	58.4
Contract assets	2	16.7	18.9
Cash and cash equivalents	14	29.3	40.3
Forward exchange contracts used for hedging	13(a)	0.6	2.3
Embedded derivatives	13(a)	0.1	0.1
		107.4	120.0

Note:
1 Excludes prepayments of £6.4m (FY23: £3.6m), RDEC of £2.0m (FY23: £2.5m) and VAT recoverable of £3.7m (FY23: £6.2m).

Notes to the accounts continued

13(d) Credit risk continued

The maximum exposure to credit risk for trade and other receivables (excluding prepayments, RDEC and VAT recoverable) by geographic region was:

	Carrying amount	
	2024 £m	2023 £m
UK	15.5	12.6
Rest of Europe	12.4	16.0
Africa	10.9	12.7
Rest of world	21.9	17.1
	60.7	58.4

The maximum exposure to credit risk for trade and other receivables (excluding prepayments, RDEC and VAT recoverable) by type of customer was:

	Carrying amount	
	2024 £m	2023 £m
Banks and financial institutions	14.8	17.2
Government institutions	11.3	6.5
Other	34.6	34.7
	60.7	58.4

Fair value adjustment to credit risk on derivative contracts

The impact of credit related adjustments being made to the carrying amount of derivatives measured at fair value and used for hedging currency and interest rate risk has been assessed and considered to be immaterial. These derivatives are mainly transacted with investment grade financial institutions. Similarly, the impact of the credit risk of the Group on the valuation of its financial liabilities has been assessed and considered to be immaterial.

13(e) Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group finances its operations through a mixture of equity funding and debt financing, which represent the Group's definition of capital for this purpose.

	Notes	2024 £m	2023 restated* £m
Total (deficit)/equity attributable to shareholders of the Company		(11.6)	6.7
Add back long-term pension deficit	23	51.6	54.7
Adjusted equity attributable to shareholders of the Company		40.0	61.4
Net debt*	21	89.4	82.4
Group capital		129.4	143.8

* The Group Consolidated Balance Sheet has been restated as described in the Basis of preparation (note I). Net debt has also been redefined in the year to exclude loss on debt modification.

The long-term pension deficit has been removed as a separate agreement is in place regarding the funding for this deficit which is paid out of cash flows from continuing operations. The Group's debt financing is also analysed in notes 17 'Borrowings' and 21 'Analysis of Net Debt'.

Included within the Group's net debt are no (FY23: £nil) cash and cash equivalent balances that are not readily available for use by the Group.

Earnings per share and dividend payments are the two measures which, in the Board's view, summarise best whether the Group's objectives regarding equity management are being met. The Group's earnings and dividends per share and relative rates of growth illustrate the extent to which equity attributable to shareholders has changed. Both measures are disclosed and discussed within the Strategic report. Earnings per share is disclosed in note 8.

The Group's objective is to maximise sustainable long-term growth of the earnings per share.

De La Rue's dividend policy is to provide shareholders with a competitive return on their investment over time, while ensuring sufficient reinvestment of profits to enable the Group to achieve its strategy. During the period, the Group invested in ongoing research and development expenditure and capital expenditure. There is no proposed dividend to De La Rue plc shareholders for the year. Dividends can be paid pro-rata to all shareholders (including external parties) in respect of companies treated as consolidated subsidiaries that have non-controlling interests.

The decision to pay dividends, and the amount of the dividends, will depend on, among other things, the earnings, financial position, capital requirements, general business conditions, cash flows, net debt levels and share buyback plans.

There were no changes to the Group's approach to capital management during the year but in the short-term some restrictions apply following the refinancing.

Notes to the accounts continued

13(f) Changes in liabilities arising from financing activities

The analysis below provides a reconciliation between the opening and closing positions in the balance sheet for liabilities arising from financing activities excluding movements in cash and cash equivalents.

	Note	At 25 March 2023 £m	Cash flow £m	Exchange differences and other £m	New leases and modifications £m	Non-cash movements £m	At 30 March 2024 £m
Borrowings (gross)	17	(122.7)	4.0	–	–	–	(118.7)
Loss on debt modification	17	(0.7)	–	–	–	(2.8)	(3.5)
Prepaid loan arrangement fees	17	5.0	5.5	–	–	(5.5)	5.0
Borrowings		(118.4)	9.5	–	–	(8.3)	(117.2)
Lease liabilities[1]	22	(13.3)	3.0	–	(0.8)	(0.5)	(11.6)
Liabilities arisings from financing activities		(131.7)	12.5	–	(0.8)	(8.8)	(128.8)

	Note	At 27 March 2022 £m	Cash flow £m	Exchange differences and other £m	New leases and modifications £m	Non-cash movements £m	At 25 March 2023 £m
Borrowings (gross)	17	(95.7)	(27.0)	–	–	–	(122.7)
Loss on debt modification	17	–	–	–	–	(0.7)	(0.7)
Prepaid loan arrangement fees	17	3.1	1.4	–	–	0.5	5.0
Borrowings		(92.6)	(25.6)	–	–	(0.2)	(118.4)
Lease liabilities[1]	22	(14.2)	2.9	(0.1)	(1.4)	(0.5)	(13.3)
Liabilities arisings from financing activities		(106.8)	(22.7)	(0.1)	(1.4)	(0.7)	(131.7)

Note:

1 Lease liability payments include principal of £2.5m (FY23: £2.4m) and interest of £0.5m (FY23: £0.5m) (note 6).

Notes to the accounts continued

14 Cash and cash equivalents

Accounting policies

Cash and cash equivalents comprise bank balances and cash held by the Group and short-term deposits with an original maturity of three months or less.

	2024 £m	2023 £m
Cash at bank and in hand	21.8	26.5
Short-term bank deposits	7.5	13.8
	29.3	40.3

There are no cash and cash equivalents in the Group that are not readily available or restricted.

An analysis of cash and cash equivalents is shown in the Group cash flow statement. Certain cash and deposits are of a floating rate nature and are recoverable within three months.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 13.

15 Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2024 £m	2023 restated* £m
Deferred tax assets	0.1	5.9
Deferred tax liabilities	(1.9)	(2.8)
	(1.8)	3.1

The gross movement on the deferred income tax account is as follows:

	2024 £m	2023 restated* £m
Beginning of the year	3.1	8.8
Exchange differences	0.1	0.2
Tax credit/(charge) to income statement	(3.7)	(13.7)
Tax credit/(charge) to OCI	(1.3)	8.4
Tax credit/(charge) to equity	–	(0.6)
End of the year	(1.8)	3.1

Note:
* The Group Deferred Tax position for FY23 has been restated as described in Material accounting policy information, I Basis of preparation.

The movement in deferred tax assets and liabilities during the period is as follows:

Deferred Tax Liabilities (restated)	Property, plant and equipment £m	Temporary differences relating to leases £m	Fair value gains £m	Development costs	Retirement benefits £m	Total £m
At 26 March 2022	–	(2.8)	(1.0)	(2.3)	(7.4)	(13.5)
Recognised in the income statement	(1.8)	–	0.3	(1.0)	–	(2.5)
Recognised in OCI*	–	–	–	–	7.4	7.4
Exchange differences	(0.1)	–	(0.1)	–	–	(0.2)
Subtotal	(1.9)	(2.8)	(0.8)	(3.3)	–	(8.8)
Jurisdictional offset						6.0
At 25 March 2023						(2.8)
At 25 March 2023	(1.9)	(2.8)	(0.8)	(3.3)	–	(8.8)
Recognised in the income statement	0.9	0.4	0.3	0.4	–	2.0
Recognised in OCI	–	–	–	–	–	–
Exchange differences	–	–	0.2	–	–	0.2
Subtotal	(1.0)	(2.4)	(0.3)	(2.9)	–	(6.6)
Jurisdictional offset						4.7
At 30 March 2024						(1.9)

Notes to the accounts continued

15 Deferred taxation continued

Deferred Tax Assets (restated)	Property, plant and equipment £m	Temporary differences relating to leases £m	Retirement benefits £m	Tax losses £m	Other £m	Total £m
At 26 March 2022	0.6	3.1	–	6.2	12.4	22.3
Recognised in the income statement	(0.6)	–	0.1	0.1	(10.8)	(11.2)
Recognised in OCI*	–	–	1.2	–	(0.2)	1.0
Recognised in equity	–	–	–	–	(0.6)	(0.6)
Exchange differences	–	–	0.1	–	0.3	0.4
Subtotal	–	3.1	1.4	6.3	1.1	11.9
Jurisdictional offset						(6.0)
At 25 March 2023						5.9
At 25 March 2023	–	3.1	1.4	6.3	1.1	11.9
Recognised in the income statement	–	(0.7)	0.5	(6.3)	0.8	(5.7)
Recognised in OCI	–	–	(1.3)	–	–	(1.3)
Recognised in equity	–	–	–	–	–	–
Exchange differences	–	–	(0.1)	–	–	(0.1)
Subtotal	–	2.4	0.5	–	1.9	4.8
Jurisdictional offset						(4.7)
At 30 March 2024						0.1

Note:
* The Group Deferred Tax position for FY23 has been restated as described in Material accounting policy information, I Basis of preparation.

Other deferred tax assets comprise balances associated with provisions of £nil (FY23: £0.5m), gross overseas tax credits of £0.8m (FY23: £1.0m), share options £nil (FY23: £0.4m), as well as various other net temporary differences totalling £1.1m.

Given the recent history of tax losses in the UK group, deferred tax assets have not been recognised on UK tax losses carried forward or UK deductible temporary differences in excess of taxable temporary differences, on the basis that it is not probable that there will be sufficient taxable profit to realise the deferred tax assets.

At FY24 there were unrecognised deferred tax assets totalling £51.5m (FY23: £39.3m restated) comprising:

- £9.2m (FY23: £6.6m) relating to gross UK tax losses of £36.8m (FY23: £26.4m);
- £7.5m (FY23: £7.7m) relating to gross non-UK tax losses of £27.5m (FY23: £28.2m);
- £12.4m (FY23: £12.4m restated) relating to the UK pension deficit of £49.6m (FY23: £49.8m);
- £14.5m (FY23: £8.7m) related to UK tax interest restrictions carried forward of £58.0m (FY23: 34.8m);
- £5.8m (FY23: £3.8m) relating to UK fixed assets temporary differences of £23.2m (FY23: £15.3m);
- £2.1m (FY23: £nil) relating to other UK temporary differences of £8.3m (FY23: £nil).

Tax losses carried forward do not have an expiry date.

In addition, the Group has not recognised certain deferred tax assets of £9.5m (FY23: £26.2m) in respect of gross overseas tax credits that have been allocated for providing to Governmental authorities as part of investment projects. The tax credits do not have an expiry date.

Unremitted foreign earnings totalled £187.3m at 30 March 2024 (FY23: £198.8m). Deferred tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries where the timing of the reversal can be controlled and it was considered unlikely that dividends would be paid from those subsidiaries.

UK capital losses of £317.2m are carried forward at 30 March 2024 (FY23: £317.2m). No deferred tax asset has been recognised in respect of these losses. The capital losses do not have an expiry date.

UK tax rate

The UK deferred tax assets and liabilities at 30 March 2024 have been calculated based on the rate of 25%, being the substantively enacted rate at the balance sheet date.

Notes to the accounts continued

16 Trade and other payables

Accounting policies

Trade and other payables are measured at carrying value which approximates to fair value.

Payments received on account relate to monies received from customers under contract, as per individual contract agreements, prior to commencement of production of goods or delivery of services. Once the obligation has been fulfilled the revenue is recognised in accordance with IFRS 15.

Contract liability is recognised when a payment from customer is due or already received, before a related performance obligation is satisfied for the contract agreements that have started production of goods or delivery of services.

	2024 £m	2023 £m
Current liabilities		
Payments received on account	23.1	22.7
Contract liabilities	0.2	0.3
Trade payables	33.7	39.2
Social security and other taxation	1.9	3.0
Accrued expenses[1]	17.9	21.3
Other payables[2]	6.0	5.6
	82.8	92.1

Notes:

1 Accrued expenses included commissions of £0.6m (FY23: £0.4m), rebate accruals of £1.5m (FY23: £2.7m), employee related accruals of £3.1m (FY23: £1.9m), freight accruals £2.3m (FY23: £2.1m), royalties and TTP Accruals of £2.5m (FY23: £1.2m) and bank financing fee accruals of £nil (FY23: £2.6m).

2 Other payables include capex creditors £0.3m (FY23: £0.8m) and interest payable £1.6m (FY23: £1.6m).

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 13.

17 Borrowings

Accounting policies

Borrowings are recognised at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk (note 13).

	30 March 2024				25 March 2023			
	Gross borrowings £m	Unamortised pre-paid borrowing fees £m	Loss on debt modification £m	Total £m	Gross borrowings £m	Unamortised pre-paid borrowing fees £m	Loss on debt modification £m	Total £m
Reported within:								
Non-current liabilities	(118.7)	5.0	(3.5)	(117.2)	(122.7)	5.0	(0.7)	(118.4)

	Currency	Nominal interest rate	Year of maturity	Principal amount 2024 £m	Carrying amount 2024 £m	Principal amount 2023 £m	Carrying amount 2023 £m
Non-current liabilities							
Unsecured bank loans	EUR	5.70%	2028	0.7	0.7	0.7	0.7
Unsecured bank loans	GBP	9.18%	2025	118.0	118.0	122.0	122.0
Total interest-bearing liabilities				118.7	118.7	122.7	122.7

Notes to the accounts continued

17 Borrowings continued

The total interest-bearing liabilities above is presented excluding unamortised pre-paid borrowing fees of £5.0m (FY23: £5.0m) and the net loss on debt modification of £3.5m (FY23: £0.7m), assessed under IFRS 9.

Under the Group's banking arrangements there is no right of offset and no overdraft facilities as at 30 March 2024.

Banking facilities amendments

1. June 2023 amendments

On 29 June 2023 the Company entered into a number of documents which had the effect of amending the terms of the revolving facility agreement with its lending banks and their agents. These documents are an amendment and restatement agreement with the various lenders and the banks' agents and security agent, a debenture between the Company, certain other Group companies and the banks' security agent and inter-creditor agreement between the creditors. As a result of these changes, the facilities are secured against material assets and shares within the Group.

The banking facilities expiration on 1 January 2025 remained unchanged, whilst there were changes to:

- Changes to margins: new interest rates were introduced for net debt to EBITDA ratios over 2.5.
- Changes in daily interest rates: This was amended to SONIA daily rates.

There were also changes to the Group covenant financial covenants and spread levels as follows from 1 July 2023:

- EBIT/net interest payable more than or equal to 1.0 times, (3.0 times previously).
- Net debt/EBITDA less than or equal to 4.0 times until the Q4 2024 testing point, reducing to less than or equal to 3.6 times from Q1 FY25 through to the end of the current agreement to 1 January 2025 (3.0 times previously).
- Minimum liquidity testing monthly, testing at each weekend point on a 4-week historical basis and 13-week forward looking basis. The minimum liquidity is defined as "available cash and undrawn RCF greater than or equal to £25m", although reduces to £20m if £5m or more of cash collateral is in place to fulfil guarantee or bonding requirements (new test).
- Increases in spread rates on the leverage ratio as a result of the relaxation of levels:

Leverage (consolidated net debt to EBITDA)	Margin (% per annum)
Greater than 3.5:1	4.35
Greater than 3.0:1 and less than or equal to 3.5:1	4.15
Greater than 2.5:1 and less than or equal to 3.0:1	3.95

The covenant tests use earlier accounting standards, excluding adjustments for IFRS 16. Net debt for covenants includes the borrowings, where the RCF amount is considered, the principal amount withdrawn, (excluding unamortised pre-paid borrowing fees and the net loss on debt modification) net of cash and cash equivalents.

This change in existing banking facilities is treated as a non-substantial modification under IFRS 9 "Financial Instruments", as the refinancing did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the previous terms of the facility and the present value of the updated terms of the facility, discounted using the effective interest rate, resulted in a modification loss. The loss on the debt modification in June 2023 was £4.8m (note 6).

2. December 2023 amendments

On 18 December 2023, the Group entered into a new agreement with its banking syndicate to extend its banking facilities to 1 July 2025. From this date the Group will have Bank facilities of £235m (FY23: £275.0m) including an RCF cash drawn component of up to £160m (a reduction of £15m) (FY23: £175.0m) and bond and guarantee facilities of a maximum of £75m (FY23: £100.0m).

Covenant tests will continue to apply to the facilities, other than the liquidity covenant where the minimum headroom is now defined as "available cash and undrawn RCF greater than or equal to £10m", to reflect the £15m reduction in RCF. In addition, an arrangement fee was due, equal to 1% of the facility, which will reduce to 0.5% if the facility is refinanced before 30 June 2024.

This change in existing banking facilities is treated as a non-substantial modification under IFRS 9 "Financial Instruments", as the refinancing did not result in an extinguishment of debt. The difference between the amortised cost carrying amount of the previous terms of the facility and the present value of the updated terms of the facility, discounted using the effective interest rate, resulted in a modification loss. The loss on the debt modification in December 2023 was £0.8m (note 6).

Notes to the accounts continued

17 Borrowings continued

The drawdowns on the RCF facility are typically rolled over on terms of between one and three months. However, as the Group has the intention and ability to continue to roll forward the drawdowns under the facility, the amount borrowed has been presented as long-term as at FY24.

As at 30 March 2024, the Group had a total of undrawn RCF committed borrowing facilities, all maturing in more than one year, of £42.0m (25 March 2023: £53.0m, all maturing in more than one year). The amount of loans drawn on the £160.0m RCF cash component facility was £118.0m as at 30 March 2024 (25 March 2023: £112.0m).

Minimum liquidity at 30 March 2024 was in excess of the £10m limit required under the covenant tests.

Guarantees of £41.8m (25 March 2023: £52.1m) have been drawn using the £75.0m guarantee facility. The accrued interest in relation to cash drawdowns outstanding as at 30 March 2024 is £0.3m (25 March 2023: £0.3m).

	Actual as at 30 March 2024 £m	Maximum facility £m
Facilities:		
Cash	118.0	160.0
Bonds and guarantees	41.8	75.0
	159.8	235.0

A separate borrowing facility for financing equipment under construction is in place and at 30 March 2024 the amount outstanding on this facility is £0.7m (25 March 2023: £0.7m). Covenant test results as at 30 March 2024:

Test	Requirement	Actual at 30 March 2024
EBIT to net interest payable	More than or equal to 1.0 times	1.55
Net debt to EBITDA	Less than or equal to 4.0 times	2.78
Minimum liquidity testing	Testing at each weekend point on a 4-week historical basis and 13-week forward looking basis. The minimum liquidity is defined as "available cash and undrawn RCF greater than or equal to £10m".	No breaches

18 Provisions for liabilities and charges

Accounting policies

Provisions are recognised when the Group has a present obligation in respect of a past event, it is probable that an outflow of resources will be required to settle the obligation, and where the amount can be reliably estimated. Provisions are measured at the management's best estimate of the amount required to settle the obligation at the balance sheet date and are discounted where the time value of money is considered material.

	Restructuring £m	Warranty £m	Other £m	Total £m
At 26 March 2022	0.4	1.4	4.1	5.9
Charge for the year	1.8	0.7	2.8	5.3
Utilised in the year	(0.2)	–	(2.2)	(2.4)
Released in the year	(0.2)	(1.2)	(1.4)	(2.8)
At 25 March 2023	1.8	0.9	3.3	6.0
Charge for the year	0.8	0.7	1.6	3.1
Utilised in year	(1.9)	(0.5)	(0.5)	(2.9)
Released in year	(0.6)	(0.5)	(3.3)	(4.4)
At 30 March 2024	0.1	0.6	1.1	1.8
Expected to be utilised within 1 year	0.1	0.1	0.6	0.8

Restructuring provisions

Restructuring provisions as at 30 March 2024 of £0.1m (FY23: £1.8m) primarily related to redundancy and other employee termination costs as a result of restructuring programmes within the Currency and Authentication divisions.

Warranty provisions

Warranty provisions relate to present obligations for defective products. The provisions are management judgements based on information currently available, past history and experience of the products sold. However, it is inherent in the nature of the business that the actual liabilities may differ from the provisions. The precise timing of the utilisation of these provisions is uncertain but is generally expected to fall within one year.

The Group measures warranty provisions at the Directors' best estimate of the amount required to settle the obligation at the balance sheet date, discounted where the time value of money is considered material. These estimates take account of available information, historical experience and the likelihood of different possible outcomes. Both the amount and the maturity of these liabilities could be different from those estimated.

Notes to the accounts continued

18 Provisions for liabilities and charges continued

Other provisions

Other provisions comprise a number of liabilities with varying expected utilisation rates. The liabilities include a small number of onerous contract provisions of £0.1m (FY23: £1.2m), employee related liabilities of £0.5m (FY23: £0.6m), IBNR insurance claim provisions of £0.5m (FY23: £0.5m) and other liabilities of £0.1m (FY23: £1.0m) arising through the Group's normal operations. The £3.3m released in the year related primarily to onerous contract provisions no longer required. Excluding onerous contracts provisions discussed below, the timing of the utilisation of the remaining other provisions is uncertain.

Onerous contract provisions arise where the unavoidable costs under a contract exceed the economic benefits expected to be received under it. Unavoidable costs represent the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs to fulfil a contract include those that directly relate to the contract, including incremental costs and allocation of production overheads. The precise timing of the utilisation of these onerous contract provisions is uncertain but is generally expected to fall within one year.

19 Share capital

	2024 £m	2023 £m
Issued and fully paid		
195,889,223 ordinary shares of 44 152/175p each (FY23: 195,437,227 ordinary shares of 44 152/175p each)	87.9	87.7
111,673,300 deferred shares of 1p each (FY23: 111,673,300 deferred shares of 1p each)	1.1	1.1
	89.0	88.8

	2024		2023	
	Ordinary shares '000	Deferred shares '000	Ordinary shares '000	Deferred shares '000
Allotments during the year				
Shares in issue at 25 March 2023/26 March 2022	195,437	111,673	195,157	111,673
Issued under Savings Related Share Option Scheme	4	–	–	–
Issued under Annual Bonus Plan	417	–	279	–
Issued under Performance Share Plan	31	–	1	–
Shares in issue at 30 March 2024/25 March 2023	195,889	111,673	195,437	111,673

The deferred shares carry limited economic rights (and no right to receive a dividend) and no voting rights. They are unlisted and are not transferable except in accordance with the articles.

20 Share based payments

Accounting policies

The Group operates various equity settled option schemes.

For equity settled share options, the services received from employees are measured by reference to the fair value of the share options. The fair value is calculated at grant date and recognised in the consolidated income statement, together with a corresponding increase in shareholders' equity, on a straight-line basis over the vesting period, based on the numbers of shares that are actually expected to vest, taking into account non-market vesting conditions (including service conditions). Vesting conditions, other than non-market-based conditions and non-vesting conditions (requirement to save) are taken into account when estimating the fair value.

On the performance related awards, until 2020 performance measure was based on ROCE and EPS. From 2020 ROCE was replaced by TSR, a market-based condition. 2023 introduced Free Cash Flow (FCF), and TSR was applied to a separate class of share options – Investors Return Plan.

At 30 March 2024, the Group has a number of share-based payment plans, which are described below. The compensation cost and related liability that have been recognised for the Group's share-based plans are set out in the table below:

	Expense recognised for the year	
	2024 £m	2023 £m
Annual Bonus Plan	0.1	0.2
Performance and Investor returns Share Plans	0.7	0.4
Savings Related Share Option Scheme	0.6	1.3
	1.4	1.9

Notes to the accounts continued

20 Share based payments continued

Reconciliations of option movements over the period to 30 March 2024 for each class of share awards are shown below:

Annual Bonus Plan

For details of the Annual Bonus Plan, refer to the Directors' remuneration report on pages 101 to 102.

Reconciliation of option movements:

	2024 Number of awards '000	2023 Number of awards '000
Share awards outstanding at start of year	557	453
Granted	–	484
Forfeited	–	(102)
Vested	(417)	(278)
Outstanding at end of year	140	557
Exercisable at end of year	–	–

During the period, the weighted average share price on share awards exercised in the period was 43.39p (FY23: 84.65p).

Performance Share Plan ("PSP") and Investor Returns Plan ("IRP")

For details of the Performance Share Plan and Investor Returns Plan, refer to the Directors' remuneration report on pages 102 to 103.

Both PSP and IRP options were granted to Executive Directors and other employees on 12 October 2023. The PSP Options were granted with an exercise price of nil, and IRP options granted with an exercise price of 80p. Both awards will vest, subject to achievement of the performance conditions on 12 October 2026. The "Performance Period" for the Awards is the three years ending 28 March 2026. Awards granted to Executive Directors are subject to a post-vesting holding period which ends two years after the vest date, being 12 October 2028.

The fair value of PSP share options is estimated at the date of grant using the Black-Scholes model to value the awards subject to the non-market performance.

The fair value of IRP share options is estimated at the date of grant using Monte Carlo model to value the awards subject to the TSR performance condition.

The significant assumptions used in the valuation models are disclosed below:

FY24 Arrangements

Dates of current year grants	12 October 2023		12 October 2023	
Participant	Executive Directors*		Other Employees	
Award type	PSP Options	IRP Options	PSP Options	IRP Options
Performance conditions	Non-market (100%) – EPS & FCF growth	TSR (100%)	Non-market (100%) – EPS & FCF growth	TSR (100%)
Award type	Options	Options	Options	Options
Fair value (per option granted)1	48p	18p	60p	23p
Fair value (% of share price at grant date)	80.0%	29.7%	100.0%	37.1%
Number of options granted	309,602	640,878	1,167,804	2,417,368
Inputs:				
Share price at grant	60p			
Exercise price	Nil	80p	Nil	80p
Dividend yield	0.0%			
Expected term	3 years			
Risk free rate	4.49%	4.29%	4.49%	4.29%
Share price volatility of the Company	52.3%			
Median share price volatility of the Comparator Group	n/a	19.8%	n/a	19.8%
Median correlation	n/a	23.2%	n/a	23.2%
TSR performance of the Company at date of grant	n/a	(2.6)%	n/a	(2.6)%
Median TSR performance of the Comparator Group at the date of grant	n/a	(2.4)%	n/a	(2.4)%
Discount for post vesting restrictions	20.0%		n/a	

Note:
* The fair value of Awards granted to Executive Directors is shown after deducting a discount in relation to the post-vesting holding period which is applicable to Executive Directors Awards.

Retention Awards

Retention awards share options were granted to Executive Directors and other employees on 30 June 2023. PSP Options were granted with an exercise price of nil and are subject to service conditions only Awards granted to Executive Directors are subject to a post-vesting holding period which ends two years after the vest date, being 30 June 2028. There are no performance conditions attaching to the options.

The fair value of PSP share options is estimated at the date of grant using the Black-Scholes model to value the awards subject to the non-market performance.

Notes to the accounts continued

20 Share based payments continued

The significant assumptions used in the valuation models are disclosed below:

FY24 Arrangements	Retention Awards
Dates of current year grants	30 June 2023
Number of options granted	600,000
Exercise price	nil
Contractual life (years)	3
Settlement	Share
Vesting period (years)	3
Dividend yield	0%
Risk free interest rate	5.45%
Share price volatility	57.9%
Share price at grant	48.0p
Fair value per option at grant date	48.0p

After the three or five-year term has expired, employees normally have six months in which to decide whether or not to exercise their options. A pre-vesting forfeiture/cancellation rate of 15% per year, reflecting leavers and withdrawals, has been assumed on new options granted in the year based on historic experience.

Reconciliation of option movements:

	2024 Number of awards '000	2023 Number of awards '000
Share awards outstanding at start of year	4,548	3,485
Granted	5,135	3,010
Forfeited	(1,564)	(1,946)
Exercised	–	(1)
Outstanding at end of year	8,119	4,548
Exercisable at end of year	18	42

During the period the weighted average share price on share awards exercised in the period was nil (FY23: 61.05p).

The range of exercise prices for the share options outstanding at the end of the year is between 0.00p and 0.80p (FY23: 0.00p).

The weighted average remaining contractual life of the outstanding share options is 1.85 years (FY23: 0.98 years).

Savings Related Share Option Scheme

The scheme is open to all UK employees. Options are granted at the prevailing market price at the time of the grant (with a discretionary discount to the market price) to employees who agree to save between £5 and the maximum savings amount offered per month over a period of three or five years.

During the year ended 30 March 2024, the Company granted a new SAYE grant. The new grant has a vesting period of three years and is subject to service conditions only. Employees were invited to invest into a new grant, subject to the statutory maximum savings amount, and the total grant available to employees limited to a maximum number of shares.

During the year ended 30 March 2024, the fair value of share options were estimated at the date of grant using a Black-Scholes valuation model. The significant assumptions used in the valuation model are disclosed below:

FY24 Arrangements	Savings Related Share Option Scheme
Dates of current year grants	20 February 2024
Number of options granted	999,336
Exercise price	68.4p
Contractual life (years)	3
Settlement	Share
Vesting period (years)	3
Dividend yield	0%
Risk free interest rate	4.17%
Share price volatility	50.7%
Share price at grant	89.0p
Fair value per option at grant date	37.0p

There are no performance conditions attaching to the options. After the three or five-year term has expired, employees normally have six months in which to decide whether or not to exercise their options. A pre-vesting forfeiture/cancellation rate of 10% per year, reflecting leavers and withdrawals, has been assumed on new options granted in the year based on historic experience.

Notes to the accounts continued

20 Share based payments continued

Reconciliation of option movements:

	2024		2023	
	Weighted average exercise price pence per share	Number of options '000	Weighted average exercise price pence per share	Number of options '000
Options outstanding at start of year	130.91	4,612	130.91	3,173
Granted	68.40	999	60.15	3,520
Forfeited/Cancelled	81.28	(1,508)	155.71	(1,942)
Exercised	60.15	(4)	111.38	–
Expired	108.55	(258)	409.64	(139)
Outstanding at end of year	68.40	3,841	130.91	4,612
Exercisable at end of year		–		271

The range of exercise prices for the share options outstanding at the end of the year is between 60.15p and 131.10p (FY23: between 60.15p and 131.10p).

The weighted average remaining contractual life of the outstanding share options is 2.05 years (FY23: 2.20 years).

During the period, the weighted average share price on options exercised in the period was 60.15p (FY23: £nil).

Market share purchase of shares by Trustee De La Rue Employee Share Ownership Trust

The De La Rue Employee Share Ownership Trust (Trust) is a separately administered trust established to administer shares granted to Executive Directors and senior employees under the various discretionary share option plans established by the Company. Liabilities of the Trust are guaranteed by the Company and the assets of the Trust mainly comprise shares in the Company. Equiom (Guernsey) Limited is the Trustee. The own shares held by the Trust are shown as a reduction in shareholders' funds. The shares will be held at historical rates until such time as they are disposed of. Any profit or loss on the disposal of own shares is treated as a movement in reserves rather than as an income statement item.

The Trustee held nil shares at 30 March 2024 (25 March 2023: nil).

21 Analysis of net debt

The analysis below provides a reconciliation between the opening and closing of the Group's net debt position (being the net of borrowings and cash and cash equivalents).

During the period, the Group has redefined and restated the definition of net debt to exclude losses or gains on debt modification. This is in line with the definition used in the covenant calculations. As a result, the FY23 net debt has been restated to £82.4m, previously £83.1m, after excluding the £0.7m of net loss on debt modification.

	Note	At 25 March 2023 £m	Cash flow £m	Foreign exchange and other £m	At 30 March 2024 £m
Gross Borrowings	17	(122.7)	4.0	–	(118.7)
Cash and cash equivalents	14	40.3	(10.6)	(0.4)	29.3
Net debt		(82.4)	(6.6)	(0.4)	(89.4)

	Note	At 26 March 2022 £m	Cash flow £m	Foreign exchange and other £m	At 25 March 2023 £m
Gross Borrowings	17	(95.7)	(27.0)	–	(122.7)
Cash and cash equivalents	14	24.3	15.6	0.4	40.3
Net debt		(71.4)	(11.4)	0.4	(82.4)

Net debt is presented excluding unamortised pre-paid borrowing fees of £5.0m (FY23: £5.0m), net loss on debt modification of £3.5m (FY23: £0.7m) and £11.6m (FY23: £13.3m) of lease liabilities.

	At 25 March 2023 £m	Cash flow £m	Non-cash movements £m	At 30 March 2024 £m
Unamortised pre-paid borrowing fees	5.0	(5.5)	5.5	5.0

Notes to the accounts continued

22 Leases

Accounting policies

At the inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group accounts for identified leases in accordance with IFRS 16 ('Leases').

Management has made certain judgements on lease terms based on the Group's current expectations of whether break or renewal options will be taken. Judgements have also been made in estimating the incremental borrowing rates to use when discounting lease payments.

Leases are recognised on the balance sheet (unless they are low value or for a term of less than 12 months) with a right to use asset and corresponding lease liability being recorded at the date the lease asset is available for use.

The right-of-use asset is depreciated over the shorter of, the assets useful economic life and the lease term. Each lease payment is allocated between repayment of the lease liability and finance cost.

The finance cost is charged to the income statement over the lease term to produce a constant periodic rate of interest on the remaining lease liability.

At commencement date of the lease, a lease liability is initially recognised on the balance sheet at the present value of future lease payments (including fixed payments and variable lease payments that depend upon an index) and any lease penalties payable on the early exit of a lease if management anticipates taking these, discounted using the incremental borrowing rate appropriate for that lease, absent of the interest rate implicit in the lease being available.

The right-of-use asset is initially measured at cost, being the initial value of the lease liability, any lease payments made (net of any incentives received from the lessor) before the commencement of the lease and any initial direct costs and any restoration costs. Payments in respect of short-term leases (duration of less than 12 months) or low value leases continue to be charged to the income statement on a straight-line basis over the lease term. Right-of-use assets are tested for impairment when indicators of impairment exist.

The Group has lease contracts for various properties and ground leases in addition to other equipment used in its operations. Leases for property and ground leases range from two years to in excess of 100 years in certain cases. Leases for other equipment used in operations are typically for periods of 2 to 5 years. There are several lease contracts which include extensions and termination options and these are discussed below.

The Group also has certain leases that have terms of less than 12 months or lease or where equipment is of a low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions.

Right-of-use assets

Set out below are the carrying amounts of right-to-use assets recognised and the movement during the period:

	Land and buildings £m	Plant and equipment £m	Total £m
At 26 March 2022	12.5	0.4	12.9
Additions – change in lease assessment	1.0	0.4	1.4
Depreciation expense	(2.1)	(0.1)	(2.2)
At 25 March 2023	**11.4**	**0.7**	**12.1**
Additions – change in lease assessment	0.7	(0.1)	0.6
Depreciation expense	(2.3)	(0.2)	(2.5)
At 30 March 2024	**9.8**	**0.4**	**10.2**

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movement during the period:

	Land and buildings £m	Plant and equipment £m	Total £m
At 26 March 2022	(13.8)	(0.4)	(14.2)
Additions including change in lease assessment	(1.0)	(0.4)	(1.4)
Accretion of interest (note 6)	(0.5)	–	(0.5)
Lease payments[1]	2.8	0.1	2.9
Exchange differences	(0.1)	–	(0.1)
At 25 March 2023	**(12.6)**	**(0.7)**	**(13.3)**
Additions including change in lease assessment	(0.9)	0.1	(0.8)
Accretion of interest (note 6)	(0.5)	–	(0.5)
Lease payments[1]	2.8	0.2	3.0
Exchange differences	–	–	–
At 30 March 2024	**(11.2)**	**(0.4)**	**(11.6)**

	2024 £m	2023 £m
Included within:		
Current liabilities	(2.5)	(3.0)
Non-current liabilities	(9.1)	(10.3)
	(11.6)	(13.3)

Note:
1 Lease payments include principal of £2.5m (FY23: £2.4m) and interest of £0.5m (FY23: £0.5m).

Notes to the accounts continued

22 Leases continued

The following amounts have been recognised in the income statement:

	2024 £m	2023 £m
Depreciation of right-of-use assets	(2.5)	(2.2)
Interest expense on lease liabilities (note 6)	(0.5)	(0.5)
Expense relating to short-term leases	(0.2)	(0.3)
Expenses relating to leases of low-value assets	(0.2)	(0.3)

The Group had total cash outflows for leases of £3.4m in FY24 (FY23: £3.5m), including amounts relating to principal payment £2.5m (FY23: £2.4m), interest payments of £0.5m (FY23: £0.5m) and short and low values assets £0.4m (FY23: £0.6m).

The Group also had non-cash additions to right-of-use assets £0.6m (FY23: £1.4m) and liabilities of £0.8m (FY23: £1.4m). At 30 March 2024, there are no leases entered into which have not yet commenced.

The Group has certain leases that include extension or termination options. Management exercises judgement in determining whether these extensions and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payment relating to the period following the exercise date of extension and termination options that are not included in the lease term:

	Within five years £m	More than five years £m	Total £m
Extension options expected not to be exercised	–	–	–
Termination options expected to be exercised	–	–	–

Extension of the factory site in Malta

On 9 September 2021, the Group signed an Agreement with Malta Enterprise ("ME") where ME finances the construction, civil works and M&E installations to be carried out at the premises located in Malta. The premises included land, the demolition of an existing building and a rebuild to the Group's specifications. On 14 September 2021, the Company signed a lease for the premises for an initial term of 20 years. The Group is managing the construction of the new buildings for the lessor to the pre-agreed specifications.

Management have made a judgement as to whether the Company has control of the site during the construction period. If the Group has the right to control the use of the identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. It was determined that control exists only after the build is completed and site becomes available for use.

As per the agreement, there are three separate units with different start-up dates. Therefore, the lease will be recognised as these units become available for use. The lease costs will be allocated to the division to which they relate to based on area. However, if the cost relates to the total site, then it is divided based on the percentage split of the area, with 27% of the total sqm occupied by Authentication and 73% by Currency.

The first block is currently scheduled to be completed in H1 25. Therefore, management have concluded that no lease should be recognised in FY24. The lease will be recognised when the building becomes available for use.
At 30 March 2024, there are no other leases entered into which have not yet commenced.

23 Retirement benefit obligations

Accounting policies

The Group operates retirement benefit schemes, devised in accordance with local conditions and practices in the country concerned, covering the majority of employees. The assets of the Group's schemes are generally held in separately administered trusts or are insured. The major schemes are defined benefit pension schemes with assets held separately from the Group. The cost of providing benefits under each scheme is determined using the projected unit credit actuarial valuation method. The major defined benefit pension scheme is based in the UK and is now closed to future accrual. The current service cost and gains and losses on settlements and curtailments are included in operating costs in the Group income statement. The interest income on the plan assets of funded defined benefit pension schemes and the imputed interest on pension scheme liabilities are disclosed as retirement benefit obligation net finance expense/income respectively in the income statement.

Return on plan assets excluding assumed interest income on the assets, changes in the retirement benefit obligation due to experience and changes in actuarial assumptions are included in the statement of comprehensive income in full in the period in which they arise.

The net liability/surplus recognised in respect of defined benefit pension schemes is the present value of the defined benefit obligation less the fair value of the scheme assets, as determined by actuarial valuations carried out at the balance sheet date. Any net pension surplus is recognised at the lower of the net surplus in the defined benefit pension valuation under IAS 19 and the asset ceiling.

The Group's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate. A trustee board has been appointed to operate the UK defined benefit scheme in accordance with its governing documents and pensions law. The scheme meets the legal requirement for member nominated trustee representation on the trustee board and a professional independent trustee has been appointed as chair of the Board. The trustee board undertakes regular training to ensure they are able to fulfil their function as a trustee and have appointed professional advisers to give them specialist expertise where required.

Notes to the accounts continued

23 Retirement benefit obligations continued

The Group has calculated the value of the minimum funding commitments to its schemes and determined that if there was a surplus the value of any minimum funding commitments would not result in any additional liability under IFRIC 14 as the Group has an unconditional right to any surplus. No significant judgements were involved in making this determination. The Group has recorded a net deficit on an IAS 19 basis within non-current liabilities on the balance sheet as at 30 March 2024. A deferred tax asset has been recognised on the pension deficit and was included within deferred tax assets as at 30 March 2024 (see note 15).

Pension deficit funding

On 2 March 2022, the Trustee and the Company agreed the terms for a schedule of contributions and a recovery plan, setting out a programme for clearing the UK Pension Scheme deficit (the "Recovery Plan"). An actuarial valuation of the UK Pension Scheme as at 5 April 2021, which was based on intentionally prudent assumptions, revealed a funding shortfall (technical provisions minus the value of the assets) of £119.5m.

The £119.5m deficit was to be addressed by payments of £15m per annum (payable quarterly in arrears) under the Recovery Plan payable from the year ending 5 April 2022 until 31 March 2029. Additional contingent contributions in exceptional circumstances will become payable by way of an acceleration of the contributions due in later years where:

(i) the leverage ratio (consolidated net debt: EBITDA) is equal to or greater than 2.5x in FY23, up to a maximum of £4m in the financial year and/or
(ii) the Company or any of its subsidiaries take any action which will cause material detriment (defined in section 38 Pensions Act 2004) to the UK Pension Scheme of £8m (£8m in FY23) over the period up to March 2023.

On 3 April 2023, the Company and the Trustee agreed to defer the deficit reduction contributions due under the previous Recovery Plan, payable on 5 April 2023, to 26 May 2023. Subsequently, on 25 May 2023 the Company and the Trustee agreed to defer the deficit contribution due on 26 May 2023 to 5 July 2023. In June 2023, the Company and the Trustee agreed to defer all the deficit reduction contributions due to recommence from 5 April 2024 and a new Recovery Plan has been agreed between the Company and the Trustee.

An actuarial valuation of the Scheme was undertaken as at 30 September 2023. This showed a Scheme deficit of £78m. As a result of this new valuation, on 18 September 2023, the Company and the Scheme Trustee agreed a new schedule to fund the deficit. The funding moratorium until July 2024 as preciously agreed will be retained with the only payment being £1.25m due under the June 2023 Recover Plan. This will be followed by deficit repair contributions from the Company of £8m per annum to the end of FY27, followed by higher contributions that at no time exceed £16m per annum and which run until December 2030 or until the Scheme becomes fully funded.

The next periodic actuarial valuation will be as at the end of September 2026, with the Scheme Trustee undertaking to provide the results of this valuation by January 2027, ahead of any increase in contribution from £8m per annum.

The Company has not paid any deficit reduction contributions to the Main Scheme in the year to 30 March 2024.

Qualifying insurance policy

On 24 May 2022, the Trustees of the Main Scheme entered into a partial pensioner buy-in contract (qualifying insurance policy) for a proportion of pension members. In return for a premium paid from the Scheme's assets, from the date of the buy-in, payments will be made to the Scheme that match the benefit payments to those Scheme members covered under the buy-in contract. The buy-in is considered to be a qualifying insurance policy. The premium paid to the insurer was £319.0m. As at 30 March 2024, the value of the buy-in contract was £214.1m (25 March 2023: £220.6m). The impact of the partial pensioner buy-in has been recognised as a loss on the scheme assets.

Other matters

In addition, during FY24, legal fees of £0.3m (FY23: £0.5m) have been incurred in the rectification of certain discrepancies identified in the Scheme's rules (note 5). This has no impact on the UK defined benefit pension liability.

(a) Defined benefit pension schemes

Amounts recognised in the consolidated balance sheet:

	2024 £m	2023 £m
UK retirement benefit deficit	(49.7)	(53.1)
Overseas retirement liability	(1.9)	(1.6)
Retirement benefit deficit	(51.6)	(54.7)
Reported in:		
Non-current liabilities	(51.6)	(54.7)

Notes to the accounts continued

23 Retirement benefit obligations continued

The majority of the Group's retirement benefit obligations are in the UK:

	2024 UK £m	2024 Overseas £m	2024 Total £m	2023 UK £m	2023 Overseas £m	2023 Total £m
Equities	3.9	–	3.9	3.2	–	3.2
Bonds	91.6	–	91.6	88.7	–	88.7
Secured/fixed income	91.7	–	91.7	133.0	–	133.0
Liability Driven Investment Fund	183.7	–	183.7	163.6	–	163.6
Multi Asset Credit	46.7	–	46.7	60.2	–	60.2
Qualifying insurance policy	214.1	–	214.1	220.6	–	220.6
Other	12.4	–	12.4	8.9	–	8.9
Fair value of scheme assets	644.1	–	644.1	678.2	–	678.2
Present value of funded obligations	(689.4)	–	(689.4)	(727.5)	–	(727.5)
Funded defined benefit pension schemes	(45.3)	–	(45.3)	(49.3)	–	(49.3)
Present value of unfunded obligations	(4.4)	(1.9)	(6.3)	(3.8)	(1.6)	(5.4)
Net (deficit)/surplus	(49.7)	(1.9)	(51.6)	(53.1)	(1.6)	(54.7)

Amounts recognised in the consolidated income statement:

	2024 UK £m	2024 Overseas £m	2024 Total £m	2023 UK £m	2023 Overseas £m	2023 Total £m
Included in employee benefits expense:						
— Current service cost	–	–	–	–	–	–
— Administrative expenses and taxes	(1.3)	–	(1.3)	(1.6)	–	(1.6)
		–				
Included in interest on retirement benefit obligation net finance expense:						
— Interest income on scheme assets	31.2		31.2	27.6	–	27.6
— Interest cost on liabilities	(33.7)	–	(33.7)	(26.5)	–	(26.5)
Retirement benefit obligation net finance (expense)/credit (note 6)	(2.5)	–	(2.5)	1.1	–	1.1
		–				
Total recognised in the consolidated income statement	(3.8)	–	(3.8)	(0.5)	–	(0.5)
Return on scheme assets excluding assumed interest income	(17.8)	–	(17.8)	(301.1)	0.4	(300.7)
Remeasurement gains/(losses) on defined benefit pension obligations	23.5	(0.3)	23.2	200.4	–	200.4
Amounts recognised in other comprehensive income	5.7	(0.3)	5.4	(100.7)	0.4	(100.3)

Notes to the accounts continued

23 Retirement benefit obligations continued

Major categories of scheme assets as a percentage of total scheme assets:

	2024 UK %	2024 Overseas %	2024 Total %	2023 UK %	2023 Overseas %	2023 Total %
Equities	1	–	1	1	–	1
Bonds	14	–	14	13	–	13
Secured/fixed income	14	–	14	20	–	20
Liability Driven Investment Fund	28	–	28	24	–	24
Multi Asset Credit	8	–	8	9	–	9
Qualifying insurance policy	33	–	33	32	–	32
Other	2	–	2	1	–	1
	100	–	100	100	–	100

The Liability Driven Investment ("LDI") fund consists of fixed interest and inflation linked bond holdings and interest, inflation, credit default and other swaps. Derivatives have been valued on a "mark to market basis".

The Multi Asset Credit Fund invests in a variety of debt instruments. Multi Asset Credit, Diversified Growth Funds, Secured income and LDI asset categories include certain assets which are not quoted in an active market and are stated at fair value estimates provided by the manager of the investment fund.

Debt securities (bonds) have quotes prices in active markets and equity instruments consist of private indices with underlying equities with quoted prices in active markets. Multi Asset Credit and LDI asset categories include certain assets which are not quoted in an active market and are stated at fair value estimates provided by the manager of the investment fund.

Other UK assets comprise cash, interest rate swaps and floating rate notes.

Principal actuarial assumptions:

	2024 UK %	2024 Overseas %	2023 UK %	2023 Overseas %
Discount rate	4.90%	–	4.70%	–
CPI inflation rate	2.80%	–	2.50%	–
RPI inflation rate	3.20%	–	3.00%	–

The financial assumptions adopted as at 30 March 2024 reflect the duration of the scheme liabilities which has been estimated to be broadly 13 years (FY23: broadly 14 years).

As at 30 March 2024 mortality assumptions were based on tables issued by Club Vita, with future improvements in line with the CMI model, CMI_2022 (FY23: CMI_2021) with a smoothing parameter of 7.5 and a long-term future improvement trend of 1.25% per annum (FY23: long-term rate of 1.25% per annum) and w2022 parameter of 20% (FY23: w2020 parameter 20%). The resulting life expectancies within retirement are as follows:

		2024	2023
Aged 65 retiring immediately (current pensioner)	Male	21.3	21.8
	Female	23.5	23.9
Aged 50 retiring in 15 years (future pensioner)	Male	21.8	22.4
	Female	25.0	25.3

The defined benefit pension schemes expose the Group to the following main risks:

Mortality risk – An increase in the life expectancy of members will increase the liabilities of the schemes. The mortality assumptions are reviewed regularly and are considered appropriate.

Interest rate risk – A decrease in bond yields will increase the liabilities of the scheme. Liability driven investment strategies are used to hedge part of this risk.

Investment risk – The value of pension scheme assets varies with changes in interest rates, inflation expectations, credit spreads, exchange rates, and equity and property prices. There is a risk that asset returns are volatile and that the value of pension scheme assets may not move in line with changes in pension scheme liabilities. To mitigate against investment risk the pension scheme invests in derivatives which aim to hedge a proportion of the movements in assets and liabilities. The pension scheme invests in a wide range of assets to provide diversification in order to reduce the risk that a single investment or type of asset class could have a materially adverse impact on total scheme assets. The investment strategy and performance of investment funds are reviewed regularly to ensure the asset strategy of the pension schemes continues to be appropriate.

Inflation risk – The liabilities of the scheme are linked to inflation. An increase in inflation will result in an increase in liabilities. There are caps in place for UK scheme benefits to mitigate the risk of extreme increases in inflation. Liability driven investment strategies are used to hedge part of this risk. Any increase in the retirement benefit obligation could lead to additional funding obligations in future years.

Notes to the accounts continued

23 Retirement benefit obligations continued

The table below provides the sensitivity of the liability in the scheme to changes in various assumptions:

Assumption change	Change in assumptions	Increase in assumption approximate impact on liability	Decrease in assumption approximate impact on liability
Discount rate	0.50% p.a.	Decrease by c£37m	Increase of c£40m
Inflation (RPI and CPI inflation)	0.25% p.a.	Increase by c£10m	Decrease by c£8m
RPI inflation only	0.25% p.a.	Increase by c£1m	Decrease by c£1m
CPI inflation only	0.25% p.a.	Increase by c£9m	Decrease by c£7m
Life expectancy	1 year	Increase by c28m	Decrease by c£28m

The liability sensitivities have been derived using the duration of the scheme based on the membership profile as at 30 September 2023 and assumptions chosen for the FY24 year end. The sensitivity analysis does not allow for changes in scheme membership since the September 2023 actuarial valuation or the impact of the Scheme or Group's risk management activities in respect of interest rate and inflation risk on the valuation of the Scheme assets.

The largest defined benefit pension scheme operated by the Group is in the UK. Changes in the fair value of UK scheme assets:

UK Scheme assets	2024 £m	2022 £m
At 25 March 2023/26 March 2022	678.2	988.7
Assumed interest income on scheme assets	31.2	27.6
Scheme administration expenses	(1.3)	(1.6)
Return on scheme assets less interest income	(17.8)	(301.1)
Employer contributions and other income [1]	1.5	16.5
Benefits paid (including transfers)	(47.7)	(51.9)
At 30 March 2024/25 March 2023	644.1	678.2

Nots:
1 The £1.5m (FY23: £16.5m) of pension payments includes £nil (FY23: £15.0m) payable under the Recovery Plan, agreed in May 2020, and a further £1.5m (FY23: £1.5m) relating to payments made by the Group towards the administration costs of running the scheme.

Changes in the fair value of UK defined benefit pension obligations:

UK defined benefit pension obligations	2024 £m	2023 £m
At 25 March 2023/26 March 2022	(731.3)	(957.1)
Interest cost on liabilities	(33.7)	(26.5)
Effect of changes in financial assumptions	7.3	225.3
Effect of changes in demographic assumptions	19.3	3.0
Effect of experience items on liabilities	(3.1)	(27.9)
Benefits paid (including transfers)	47.7	51.9
At 30 March 2024/25 March 2023	(693.8)	(731.3)

United Kingdom Pension Benefits — High Court of Justice Ruling on Actuarial Confirmations

In June 2023, the High Court ruled in the case between Virgin Media and the NTL Pension Trustees II Limited (and others) that the absence of a "Section 37" certificate accompanying an amendment to benefits in a contracted-out pension scheme would render the amendment void. If upheld, the High Court's decision could have wider ranging implications, affecting other defined benefit pension schemes in the United Kingdom that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016. There is still further uncertainty with a Court of Appeal hearing in June 2024, not yet opined on.

The company has a contracted out defined benefit pension fund scheme. The pension fund trustees have determined that there were nine amendments in the scheme for the period from 2003 – 2016. The pension scheme administrators and trustees have not as yet carried out a full review of these amendments and historical actuarial certification dating back to 1997 as the Company is awaiting the outcome of the appeal that was heard in June 2024, as well as confirmation from the Government as to whether it intends to issue new regulations in response. As such, management unable to determine if the scheme will be impacted, or to reliably estimate any impact as at the period-end.

(b) Defined contribution pension plans

The Group operates a number of defined contribution plans for which the charge in the consolidated income statement for the year was £3.2m (FY23: £4.1m).

Notes to the accounts continued

24 Employee information

	2024 number	2023 number
Average number of employees		
United Kingdom and Ireland	691	935
Rest of Europe	548	557
The Americas	57	65
Rest of World	378	485
	1,674	2,042

	2024 £m	2023 £m
Employee costs (including Directors' emoluments)		
Wages and salaries	65.3	80.8
Social security costs	5.9	7.7
Pension costs	3.8	4.6
	75.0	93.1
Share incentive schemes	0.8	0.6
Sharesave schemes	0.6	1.3
	1.4	1.9
	76.4	95.0

More detailed information regarding the Directors' remuneration, shareholdings, pension entitlement, share options and other long term incentive plans is shown in the Directors' remuneration report on pages 102 to 103.

25 Capital and other commitments

	2024 £m	2023 £m
Capital and other expenditure contracted but not provided:		
Property, plant and equipment	5.9	16.4
Lease commitments	13.3	13.9
	19.2	30.3

Lease commitments relate to the factory site extension in Malta where the Company has signed a lease for the premises for an initial term of 20 years. The lease will be recognised when the building becomes available for use.

26 Contingent assets and liabilities

In FY23, De la Rue was made aware that the Central Bureau of Investigation in India (CBI-I) had launched an investigation into the conduct of Arvind Mayaram, the former Indian Finance Secretary, in which the historical activities of De La Rue in India prior to 2016 had been implicated. The Company still has not received any official direct communication of this investigation from the CBI-I but has learned about it from publicly available sources. De La Rue has not served the Government of India or the Central Bank of India in any capacity since 2016. The Company believes that there is no merit to the allegations that relate to De La Rue.

The Group also provides guarantees and performance bonds which are issued in the ordinary course of business. In the event that a guarantee or performance bond is called, a provision may be required subject to the particular circumstances including an assessment of its recoverability.

27 Related party transactions

During the year the Group traded on an arm's length basis with the associated company Fidink (33.3% owned). The Group's trading activities with Fidink in the period comprise £18.7m (FY23: £22.2m) for the purchase of ink and other consumables on an arm's length basis. At the balance sheet date there was £3.7m (FY23: £1.7m) owing to this company.

The value of the Group's investment in associate is not material and hence not disclosed on the face of the balance sheet.

Intra-group transactions between the Parent and the fully consolidated subsidiaries or between fully consolidated subsidiaries are eliminated on consolidation.

Directors and key management compensation

Directors	2024 £'000	2023 £'000
Aggregate emoluments	1,588	1,595
Aggregate gains made on the exercise of share options	–	–
	1,588	1,595

Directors and key management	2024 £m	2023 £m
Salaries and other short-term employee benefits	2.4	2.1
Retirement benefits – Defined contribution	0.1	0.1
Termination benefits	–	0.2
Share-based payments	0.3	0.1
	2.8	2.5

Key management comprises members of the Board (including the fees of Non-executive Directors) and the Executive Leadership Team. Termination benefits include compensation for loss of office, ex gratia payments, redundancy payments, enhanced retirement benefits and any related benefits in kind connected with a person leaving office or employment.

Notes to the accounts continued

28 Subsidiaries and associated companies as at 30 March 2024

A full list of subsidiary and associated undertakings is below. Unless otherwise stated all Group owned shares are ordinary.

Country of incorporation	Name and Registered Office address and operation	Activities	De La Rue interest %
Europe			
United Kingdom	DLR (No.1) Limited	Holding company	100
	DLR (No.2) Limited[1]	Holding company	100
	De La Rue Holdings Limited	Holding and general commercial activities	100
	De La Rue International Limited	Trading	100
	De La Rue Overseas Limited	Holding company	100
	De La Rue Finance Limited	Internal financing	100
	De La Rue Investments Limited	Holding company	100
	Portals Group Limited[2]	Holding company	100
	De La Rue Consulting Services Limited	Trading	100
	De La Rue Healthcare Trustee Limited	Dormant	100
	De La Rue Pension Trustee Limited	Dormant	100
	De La Rue Scandinavia Limited	Holding company	100
	Harrison & Sons Limited	Non-trading	100
	Portals Holdings Limited	Dormant	100
	Portals Property Limited	Trading	100
	De La Rue House, Jays Close, Viables, Basingstoke, Hampshire RG22 4BS, United Kingdom		
Guernsey	The Burnhill Insurance Company Limited, Level 5, Mill Court, La Charroterie, St Peter Port, GY1 1EJ, Guernsey	Insurance	100
	De La Rue (Guernsey) Limited, PO Box 142, Suite 2, Block C, Hirzel Court, St Peter Port, GY1 3HT, Guernsey	Non-trading	100
Ireland	Thomas De La Rue and Company (Ireland) Limited, Floor 3, Block 3, Miesian Plaza, Dublin 2, D02 Y754, Ireland	Dormant	100
Malta	De La Rue Currency and Security Print Limited, B40/43 Industrial Estate, Bulebel, Zejtun, Malta	Trading	100
Netherlands	De La Rue BV, Hoogoorddreef 15, 1101 BA, Amsterdam, Netherlands	Non-trading	100
Sweden	De La Rue (Sverige) AB, Box 6343, 102 35 Stockholm, Sweden	Non-trading	100
Switzerland	Thomas De La Rue A.G., Boulevard de Pérolles 7, c/o Cédric Page, Hartmann Dreyer, 1700 Fribourg, Switzerland	Holding company	100
North America			
USA	De La Rue North America Holdings Inc.[3]	Holding company	100
	De La Rue Authentication Solutions Inc., 1750 North 800 West, Logan, Utah 84321, USA	Trading	100
Canada	De La Rue Canada One Limited, 1400-340 Albert Street, Ottawa, ON K1R 0A5, Canada	Non-trading	100
South America			
Brazil	De La Rue Cash Systems Industrias Limitada[4], Rua Boa Vista, 254, 13th Floor, Suite 40, Centro, Sao Paulo, State of Sao Paulo, 01014-907, Brazil	Non-trading	100
	De La Rue Cash Systems Limitada[4], Rua Boa Vista, 254, 13th Floor, Suite 41, Centro, Sao Paulo, State of Sao Paulo, 01014-907, Brazil	Trading	100
Africa			
Kenya	De La Rue Currency and Security Print Limited	Trading	100
	De La Rue Kenya EPZ Limited, ABC Towers, 6th Floor, ABC Place, Waiyaki Way, Nairobi, Kenya	Trading	60
Nigeria	De La Rue Commercial Services Limited, 7th Floor, Marble House, 1 Kingsway Road, Ikoyi, Lagos, Nigeria	Trading	100
Senegal	De La Rue West Africa SARL, Ouakam, derrière l'hôpital, Lot No 43, Dakar, Senegal	Trading	100
South Africa	De La Rue Global Services (SA) (Pty) Limited, Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg, 2196, South Africa	Non-trading	100
Ghana	De La Rue Buck Press LTD, Buck Press Building, Accra-Nsawam Hwy, Accra, Ga West, Greater Accra, P.O. Box AN 12321, Accra GA/R, Ghana	Trading	49
Australia and Oceania			
Australia	De La Rue Australia Pty Limited, Level 7, 151 Clarence Street, Sydney NSW 2000, Australia	Trading	100

Notes to the accounts continued

28 Subsidiaries and associated companies as at 30 March 2024 continued

Country of incorporation	Name and Registered Office address and operation	Activities	De La Rue interest %
Far East and Asia			
China	De La Rue Security Technology (Beijing) Co. Ltd, Room 1-053, Building No.1, Yard 4, East Beitucheng Road, Chaoyang District, Beijing, PR, China	Trading	100
Hong Kong	Thomas De La Rue (Hong Kong) Limited, Suite 1106-8, 11/F Tai Yau Building, No 181 Johnson Road, Wanchai, Hong Kong	Trading	100
Sri Lanka	De La Rue Lanka Currency and Security Print (Private) Limited, Export Processing Zone, Biyagama, Malwana, Sri Lanka	Trading	60
India	De La Rue India Private Limited, 312 Vardaan House, 7/28 Ansari Road, Darya Gank, Central Delhi, Delhi, 110002, India	Trading	100
Malaysia	De La Rue Asia Sdn. Bhd., No. 256B, Jalan Bandar 12, Taman Melawati, 53100 Kuala Lampur, Wilayah Persekutuan, Malaysia	Non-Trading	100
Qatar	De La Rue Doha LLC, Desk BL24, 22nd Floor, Tornado Tower, Westbay, Doha, Qatar	Trading	100
Singapore	De La Rue Currency and Security Print Pte Ltd, 80 Raffles Place, #32-01, UOB Plaza, 048624, Singapore	Non-trading	100
United Arab Emirates	De La Rue FZCO, Dubai Airport Free Zone Authority, Building 6 East B, Smart Office number 339-SD52, Dubai, United Arab Emirates	Trading	100
Saudi Arabia	De La Rue Communication and Information Technology Co LLC, Akaria Plaza, Gate "D", Level 6, Olaya Main St, Riyadh, 1148, Kingdom of Saudi Arabia	Trading	100
Associates			
Switzerland	Fidink S.A.	Trading	33

Notes:
1 Ordinary shares held directly by De La Rue plc.
2 Ordinary shares, cumulative preference shares and deferred shares.
3 Common stock.
4 Quotas.

29 Non-controlling interest

The Group has three subsidiaries with material non-controlling interests:
- De La Rue Buck Press Limited, whose country of incorporation is Ghana;
- De La Rue Lanka Currency and Security Print (Private) Limited, whose country of incorporation is Sri Lanka; and
- De La Rue Kenya EPZ Limited, whose country of incorporation and operation is Kenya.

The accumulated non-controlling interest of the subsidiary at the end of the reporting period is shown in the Group balance sheet. The following table summarises the key information relating to these subsidiaries, before intra-group eliminations.

	Ghana	Sri Lanka	Kenya[1]	Ghana	Sri Lanka	Kenya
Non-controlling interest percentage	51%	40%	40%	51%	40%	40%
	2024 £m	2024 £m	2024 £m	2023 £m	2023 £m	2023 £m
Non-current assets	0.1	6.0	0.2	–	7.7	0.2
Current assets	7.1	30.0	20.3	8.9	30.5	22.8
Non-current liabilities	–	(0.5)	–	–	(0.4)	–
Current liabilities	(4.6)	(13.5)	(11.2)	(5.7)	(10.6)	(13.7)
Net assets (100%)	2.6	22.0	9.3	3.2	27.2	9.3

Notes to the accounts continued

29 Non-controlling interest continued

	2024 £m	2024 £m	2024 £m	2023 £m	2023 £m	2023 £m
Revenue	10.9	33.8	0.2	13.8	35.0	16.8
Profit/(loss) for the year	(0.2)	2.7	(0.2)	2.2	1.2	(7.3)
(Loss)/profit allocated to non-controlling interest	(0.1)	1.1	(0.1)	1.1	0.5	(2.9)
Dividends declared by non-controlling interest	–	3.2	–	–	0.8	–
Cash flows from operating activities	(3.7)	6.6	(0.3)	2.9	8.9	0.8
Cash flows from investing activities	(0.1)	(0.1)	0.1	–	(0.2)	(0.3)
Cash flows from financing activities	–	(7.9)	–	–	(1.9)	(0.1)
Net (decrease)/increase in cash and cash equivalents	(3.8)	(1.4)	(0.2)	2.9	6.8	0.4

Note:
1 In January 2023, the Group announced that it has suspended banknote printing operations in Kenya. Operations ceased in FY24 (note 5).

30 Post balance sheet events

As announced to the market on 30 May 2024, the Group is currently exploring certain strategic options in relation to the sale of the whole group or each of its divisions. As a result, a number of parties have made proposals in relation to both the Group's divisions, the furthest advanced being for the Authentication division. These workstreams continue, but at the date of the approval of the financial statements, no formal agreement has been entered into.

Company balance sheet

at 30 March 2024

	Notes	2024 £m	2023 £m
Fixed assets			
Investments in subsidiaries	3a	72.9	71.8
		72.9	71.8
Current assets			
Debtors: receivable within one year	4a	113.9	–
Cash at bank and in hand		0.2	1.0
		114.1	1.0
Creditors:			
Amounts falling due within one year	5a	(1.4)	(0.2)
		(1.4)	(0.2)
Net current assets		112.7	0.8
Total assets less current liabilities		185.6	72.6
Net assets		185.6	72.6
Capital and reserves			
Share capital	6a	89.0	88.8
Share premium account		42.3	42.2
Capital redemption reserve		5.9	5.9
Profit and loss account		48.4	(64.3)
Total shareholders' funds		185.6	72.6

The profit for the year of the Company was £111.3m (FY23: loss £197.1m).

Approved by the Board on 24 July 2024.

Clive Vacher
Chief Executive Officer

Dean Moore
Interim Chief Financial Officer

Company statement of changes in equity

for the period ended 30 March 2024

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserve £m	Profit and loss account £m	Total equity £m
Balance at 26 March 2022	88.8	42.2	5.9	51.9	78.6	267.4
Loss for the financial year	–	–	–	–	(197.1)	(197.1)
Reclassification between reserves	–	–	–	(51.9)	51.9	–
Employee share scheme:						
– value of services provided	–	–	–	–	1.9	1.9
Other – unclaimed dividends	–	–	–	–	0.4	0.4
Balance at 25 March 2023	88.8	42.2	5.9	–	(64.3)	72.6
Profit for the financial year	–	–	–	–	111.3	111.3
Share capital issued	0.2	0.1	–	–	–	0.3
Employee share scheme:						
- value of services provided	–	–	–	–	1.4	1.4
Balance at 30 March 2024	89.0	42.3	5.9	–	48.4	185.6

Share premium account

This reserve arises from the issuance of shares for consideration in excess of their nominal value.

Capital redemption reserve

This reserve represents the nominal value of shares redeemed by the Company.

Other reserve

On 1 February 2000, the Company issued and credited as fully paid 191,646,873 ordinary shares of 25p each and paid cash of £103.7m to acquire the issued share capital of De La Rue plc (now De La Rue Holdings Limited), following the approval of a High Court Scheme of Arrangement. In exchange for every 20 ordinary shares in De La Rue plc, shareholders received 17 ordinary shares plus 920p in cash. The other reserve of £83.8m arose as a result of this transaction and is a permanent adjustment to the consolidated financial statements.

On 17 June 2020 the Company announced that it would issue new ordinary shares via a "cash box" structure to raise gross proceeds of £100m, in order to provide the Company and its management with operational and financial flexibility to implement De La Rue's turnaround plan, which was first announced by the Company earlier in the year. The cash box completed on 7 July 2020 and consisted of a firm placing and open offer. The Company issued 90.9m new ordinary shares each with a nominal value of 44 152/175p, at a price of 110p per share (giving gross proceeds of £100m). A "cash box" structure was used in such a way that merger relief was available under Companies Act 2006, section 612 and thus no share premium needed to be recorded and instead an 'other reserve' of £51.9m was recorded. This section applies to shares which are issued to acquire non-equity shares (such as the Preference Shares) issued as part of the same arrangement.

The Company recorded share capital equal to the aggregate nominal value of the ordinary shares issued (£40.8m) and merger reserve equal to the difference between the total proceeds net of costs and share capital. As the cash proceeds received by De La Rue plc were loaned via intercompany account to a subsidiary company to enable a substantial repayment of the RCF, the increase to other reserves of £51.9m was treated as an unrealised profit. In the year ended 25 March 2023, the Company recorded an impairment of the intercompany loan. As a matter of generally accepted accounting practice, a profit previously regarded as unrealised becomes realised when there is a loss recognised on the write-down for depreciation, amortisation, diminution in value or impairment of the related asset. In the year ended 25 March 2023, the £51.9m previously treated as unrealised within Other Reserves is now treated as a realised amount which could be considered distributable and was reclassified from "Other Reserves" to "Profit and Loss Account".

Given the reversal of the impairment recorded in relation to intercompany during the year ended 30 March 2024, the £51.9m is now considered to be unrealised.

Accounting policies – Company

Basis of preparation

The financial statements of De La Rue plc (the Company) have been prepared in accordance with the revised Financial Reporting Standard 102. The presentation and functional currency of these financial statements is GBP.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.
In accordance with FRS 102, the Company meets the definition of a qualifying entity and has therefore taken advantage of the exemptions from the following disclosure requirements listed below:

- Disclosures in respect of transactions with wholly owned subsidiaries
- Cash Flow Statement and related notes
- Key Management Personnel compensation

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Share based payment – share based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured and explanation of modifications to arrangements;
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1; and
- The Company proposes to continue to adopt FRS 102 with the above disclosure exemptions in its next financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Critical accounting estimates

Carrying amount of "Investment in Subsidiary" and "Amounts owed by Group undertakings":

In assessing the recoverable amount of the Company's "Investment in Subsidiary" and previously impaired "Amounts owed to Group undertakings", management has identified a number of indicators of an impairment reversal. These include improved trading in the Company's subsidiaries, expressions of interest in the divisions of the Group and an increase in the market capitalisation of the Group.

As such, management have assessed the fair value less cost to sell and value in use of the group to determine if an impairment reversal was appropriate. Having performed this assessment, management concluded that the fair value less cost to sell was higher than the value in use of the Company's investment in subsidiaries.

The fair value less cost to sell was based on recent expressions of interest to acquire each of the Investment's two divisions, taking into account the net debt of the subsidiary, amounts required to address the risk within the pension scheme and other costs to sell in line with the requirements of FRS 102. These expressions of interest were received from third parties and are considered to be at arm's length. Management considers that this provides objective evidence of an event after the impairment was recognised which leads to a reversal. This assessment concluded that both the Investment in Subsidiary (£72.9m) and the gross value of the Amounts owed by group undertakings were recoverable. As a such, no impairment charge has been recorded in relation to "Investment in Subsidiary" in FY24 (FY23: £85.6m) and a reversal of the previous impairment charge of £113.9m is recognised in FY24 relating to "Amounts owed by Group undertakings".

A reversal of the impairment recorded in FY23 has been recorded in FY24 (£113.9m). In FY23 the present value of the estimated cash flows for amounts owed by group undertakings was concluded to be nil due to the time period over which the expected cashflows were due to be recovered. Given the factors included within Critical Accounting Estimates, specifically the acceleration of the timing of expected cashflows related to the expressions of interest in both divisions, a reversal of the impairment has been recorded in FY24.

A reduction or increase in the fair value less cost to sell of 1% would result in a reduction or increase of 2.6% in the carrying value of the Investment.

The accounts have been prepared as at 30 March 2024, being the last Saturday in March. The comparatives for the FY23 financial period are for the period ended 25 March 2023.

Other than as described below, the following accounting policies have been applied consistently to all periods presented in these financial statements as at, and for the period ended, 25 March 2023, apart from standards, amendments to or interpretations of published standards adopted during the year.

Measurement convention

The financial statements are prepared on the historical cost basis.

Accounting policies – Company continued

Foreign currencies

Amounts receivable from overseas subsidiaries which are denominated in foreign currencies are translated into sterling at the appropriate period end rates of exchange. Exchange gains and losses on translating foreign currency amounts are included within the interest section of the profit and loss account except for exchange gains and losses associated with hedging loans that are taken to reserves.

Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the dates of the individual transactions. Monetary assets and liabilities denominated in foreign currencies are subsequently retranslated at the rate of exchange ruling at the balance sheet date. Such exchange differences are taken to the profit and loss account.

Dividends

Under FRS 102, final ordinary dividends payable to the shareholders of the Company are recognised in the period that they are approved by the shareholders. Interim ordinary dividends are recognised in the period that they are paid.

Investments in subsidiaries

These are separate financial statements of the Company. In the transition to FRS 102 the Company took the first-time adoption exemption for separate financial instruments and as such the carrying amount of the Company's cost of investment in subsidiaries is its deemed cost at transition date, 30 March 2014, and subsequently measured at cost less impairment.

Employee benefits

Defined benefit plans

The pension rights of the Company's employees are dealt with through a self-administered scheme, the assets of which are held independently of the Group's finances. The scheme is a defined benefit scheme and is largely closed to future accrual. The Group agrees deficit funding with the scheme Trustees and Pension Regulator. The Company is a participating employer but the Group has adopted a policy whereby the scheme funding and deficit are recorded in the main UK trading subsidiary of the Company, De La Rue International Limited, which pays all contributions to the scheme and hence these are not shown in the Company accounts. Full details of the scheme can be found in note 23 to the consolidated financial statements.

Share-based payment transactions

Full details of the share-based payments schemes operated by the Group are found in note 20 to the consolidated financial statements.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes to the accounts – Company

1a Employee costs and numbers

Employee costs are borne by De La Rue Holdings Limited. For details of Directors' remuneration, refer to disclosures in the Directors' remuneration report on pages 94 to 112 relating to Executive Directors.

	2024 number	2023 number
Average employee numbers	4	3

2a Auditor's remuneration

Auditor's remuneration is borne by De La Rue Holdings Limited. For details of auditor's remuneration, see note 4 to the consolidated financial statements.

3a Investment in subsidiary

The Investment in subsidiary is stated at deemed cost in the balance sheet, less provision for impairment.

	2024 £m	2023 £m
Investment comprises:		
Investment in subsidiary	72.9	71.8
Cost at 25 March 2023 and 26 March 2022	71.8	155.8
Additions	1.1	1.6
Impairment	–	(85.6)
Cost at 30 March 2024 and 25 March 2023	72.9	71.8

Where the Company grants share options over its own shares to the employees of its subsidiary undertakings these awards are accounted for by the Company, as an additional investment in its subsidiary. The costs are determined in accordance with FRS 102. Any payments made by the subsidiary undertaking in respect of these arrangements are treated as a return of this investment.

For further details on the impairment, see the 'Critical accounting estimates and judgements' section on page 194 of Accounting Policies.

For details of investments in Group companies, refer to the list of subsidiary and associated undertakings in note 28 to the consolidated financial statements.

4a Debtors

The amounts owed by Group undertakings are repayable on demand but are not expected to be realised within 12 months. Refer to page 194 for the details of the impairment reversal.

	2024 £m	2023 £m
Amounts falling due within one year		
Amounts owed by Group undertakings	113.9	–
	113.9	–

5a Creditors

	2024 £m	2023 £m
Amounts falling due within one year		
Amounts due to Group undertakings	1.3	–
Accruals and deferred income	0.1	0.2
	1.4	0.2

6a Share capital

For details of share capital, see note 19 to the consolidated financial statements.

7a Share based payments

The Company operates various equity option schemes although the majority of plans are settled by the issue of shares. The services received from employees are measured by reference to the fair value of the share options. The fair value is calculated at grant date and recognised in the profit and loss account, together with a corresponding increase in shareholders' funds, on a straight line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value. FRS 102 has been applied to share settled share options granted after 7 November 2002.

Where the Company grants options over its own shares to the employees of its subsidiary undertakings these awards are accounted for by the Company, as an additional investment in its subsidiary. The costs are determined in accordance with FRS 102. Any payments made by the subsidiary undertaking in respect of these arrangements are treated as a return of this investment.

For details of share-based payments, see note 20 to the consolidated financial statements and the Directors' remuneration report on pages 94 to 112.

8a Related party transactions

The Company has no transactions with or amounts due to or from subsidiary undertakings that are not 100% owned either directly by the Company or by its subsidiaries. For details of key management compensation, see note 27 to the consolidated financial statements.

Non-IFRS measures

De La Rue plc publishes certain additional information in a non-statutory format in order to provide readers with an increased insight into the underlying performance of the business. These non-statutory measures are prepared on a basis excluding the impact of exceptional items and amortisation of intangibles acquired through business combinations, as they are not considered to be representative of underlying business performance. The measures the Group uses along with appropriate reconciliations to the equivalent IFRS measures where applicable are shown in the following tables.

The Group's policy on classification of exceptional items is also set out below:

The Directors consider items of income and expenditure which are material by size and/or by nature and not representative of normal business activities should be disclosed separately in the financial statements so as to help provide an indication of the Group's underlying business performance. The Directors label these items collectively as 'exceptional items'. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Directors believe would give rise to exceptional items for separate disclosure would include: gains or losses on the disposal of businesses, curtailments on defined benefit pension arrangements or changes to the pension scheme liability which are considered to be of a permanent nature such as the change in indexation or the GMPs, and non-recurring fees relating to the management of historical scheme issues, restructuring of businesses, asset impairments and costs associated with the acquisition and integration of business combinations. All exceptional items are included in the appropriate income statement category to which they relate.

A Adjusted operating profit

Adjusted operating profit represents earnings from continuing operations adjusted to exclude exceptional items and amortisation of acquired intangible assets.

	2024 £m	2023 £m
Operating profit/(loss) from continuing operations on an IFRS basis	5.8	(20.3)
Amortisation of acquired intangible assets	1.0	1.0
Exceptional items	14.2	47.1
Adjusted operating profit from continuing operations	21.0	27.8

B Adjusted basic earnings per share

Adjusted earnings per share are the earnings attributable to equity shareholders, excluding exceptional items and amortisation of acquired intangible assets and discontinued operations divided by the weighted average basic number of ordinary shares in issue. It has been calculated by dividing the De La Rue plc's adjusted operating profit from continuing operations for the period by the weighted average basic number of ordinary shares in issue excluding shares held in the employee share trust.

	2024 £m	2023 £m
Loss attributable to equity shareholders of the Company from continuing operations on an IFRS basis	(20.0)	(55.9)
Amortisation of acquired intangible assets	1.0	1.0
Exceptional items	14.2	47.1
Tax on amortisation of acquired intangible assets	(0.3)	(0.3)
Tax on exceptional items	(5.2)	5.1
Adjusted loss attributable to equity shareholders of the Company from continuing operations	(10.3)	(3.0)
Weighted average number of ordinary shares for basic earnings	195.7	195.4

Continuing operations	2024 pence per share	2023 pence per share
Basic earnings per ordinary share on an IFRS basis	(10.2)	(28.6)
Basic adjusted earnings per ordinary share	(5.3)	(1.5)
Diluted adjusted earnings per ordinary share[1]	(5.3)	(1.5)

Note:

1 As there is a loss from continuing operations attributable to the ordinary equity shareholders of the Company for the year, the Diluted EPS is reported as equal to Basic EPS, as no account can be taken of the effect of dilutive securities under IAS 33.

C Net Debt

Net Debt is a non-IFRS measure. See note 21 for details of how net debt is calculated.

Non-IFRS measures continued

D Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA represents earnings from continuing operations before the deduction of interest, tax, depreciation, amortisation and exceptional items.

The EBITDA margin percentage takes the applicable EBITDA figure and divides this by the continuing revenue in the period of £310.3m (FY23: £349.7m). The covenant test (note 13(b)) uses earlier accounting standards and excludes adjustments for IFRS 16 and takes into account lease payments made.

	2024 £m	2023 £m
Loss for the year	(19.1)	(57.2)
Add back:		
Taxation	3.7	27.6
Net finance expenses	21.2	9.3
Profit/(loss) before interest and taxation from continuing operations	5.8	(20.3)
Add back:		
Depreciation of property, plant and equipment	10.9	12.5
Depreciation of right-of-use assets	2.5	2.2
Amortisation of intangible assets	5.9	5.3
EBITDA	25.1	(0.3)
Exceptional items	14.2	47.1
Adjusted EBITDA	39.3	46.8
Revenue £m	310.3	349.7
EBITDA margin	8.1%	(0.1)%
Adjusted EBITDA margin	12.7%	13.4%

The adjusted EBITDA split by division was as follows:

FY24	Currency £m	Authentication £m	Identity Solutions £m	Central £m	Total of continuing operations £m
Operating (loss)/profit on IFRS basis	(1.0)	12.9	–	(6.1)	5.8
Add back:					
Net exceptional items	7.4	0.7	–	6.1	14.2
Depreciation of property, plant and equipment and right-of-use assets	9.8	2.7	–	0.9	13.4
Amortisation of intangible assets	1.2	4.6	–	0.1	5.9
Adjusted EBITDA	17.4	20.9	–	1.0	39.3

FY23	Currency £m	Authentication £m	Identity Solutions £m	Central £m	Total of continuing operations £m
Operating (loss)/profit on IFRS basis	(24.8)	5.4	(0.2)	(0.7)	(20.3)
Add back:					
Net exceptional items	38.4	7.9	0.1	0.7	47.1
Depreciation of property, plant and equipment and right-of-use assets	11.1	2.6	–	1.0	14.7
Amortisation of intangible assets	1.3	3.4	–	0.6	5.3
Adjusted EBITDA	26.0	19.3	(0.1)	1.6	46.8

Non-IFRS measures continued

E Adjusted controllable operating profit by division

Adjusted controllable operating profit represents earnings from continuing operations of the on-going divisions adjusted to exclude exceptional items and amortisation of acquired intangible assets and costs relating to the enabling functions such as Finance, IT and Legal that are deemed to be attributable only to the on-going two divisional structure model. Key reporting metrics for monitoring the divisional performance is linked to gross profit and controllable profit (being adjusted operating profit before the allocation of enabling function overheads), with the enabling functional cost base being managed as part of the overall business key Turnaround Plan objectives.

FY24	Currency £m	Authentication £m	Identity Solutions £m	Central £m	Total of continuing operations £m
Operating (loss)/profit on IFRS basis	(1.0)	12.9	–	(6.1)	5.8
Amortisation of acquired intangibles	–	1.0	–	–	1.0
Net exceptional items	7.4	0.7	–	6.1	14.2
Adjusted operating profit/(loss) (note 1)	6.4	14.6	–	–	21.0
Enabling function overheads	23.1	10.8	–	(33.9)	–
Adjusted controllable operating profit/(loss)	29.5	25.4	–	(33.9)	21.0

FY23	Currency £m	Authentication £m	Identity Solutions £m	Central £m	Total of continuing operations £m
Operating (loss)/profit on IFRS basis	(24.8)	5.4	(0.2)	(0.7)	(20.3)
Amortisation of acquired intangibles	–	1.0	–	–	1.0
Net exceptional items	38.4	7.9	0.1	0.7	47.1
Adjusted operating profit/(loss) (note 1)	13.6	14.3	(0.1)	–	27.8
Enabling function overheads	24.0	8.7	–	(32.7)	–
Adjusted controllable operating profit/(loss)	37.6	23.0	(0.1)	(32.7)	27.8

F Covenant ratios

The following covenant ratios are applicable to the Group's banking facilities as at 30 March 2024.

1. Covenant net debt to EBITDA ratio

For covenant purposes the Net debt/EBITDA ratio is required to be less than or equal to 4.0 times until the Q4 2024 testing point. This then reduces to less than or equal to 3.6 times from Q1 FY25 through to the end of the current agreement to 1 July 2025.

The definitions of "covenant net debt" and "covenant EBITDA" are different to those provided in note C and D above. These are defined below:

	2024 £m
Borrowings	(118.7)
Cash and cash equivalents	29.3
Net debt (note 21)	(89.4)
Trapped and other cash adjustments per banking facilities agreement	(15.0)
Covenant net debt	(104.4)

	2024 £m
Adjusted EBITDA (note D)	39.3
Adjustments per banking facilities agreement:	
IFRS 16 leases adjustment	(3.0)
Bank guarantee fees	1.2
Covenant EBITDA	37.5

	2024 £m
Covenant net debt to EBITDA ratio	2.78

Non-IFRS measures continued

F Covenant Ratios continued

2. Covenant EBIT/net interest payable ratio

For covenant purposes the EBIT/net interest payable ratio is required to be more than or equal to 1.0 times.

The definition of "covenant EBIT" and "covenant net interest payable" are provided below:

	2024 £m
Adjusted operating profit	21.0
Adjustments per banking facilities agreement:	
IFRS 16 leases adjustment (note 22)	(0.5)
Bank guarantee fees	1.2
Covenant EBIT	21.7

	2024 £m
Interest on bank loans (note 6)	12.3
Other, including amortisation of finance arrangement fees (note 6)	3.7
Adjustments per banking facilities agreement:	
Exclude amortisation of finance arrangement fees	(0.7)
Exclude arrangement fees	(2.5)
Include bank guarantee fees	1.2
Covenant net interest payable	14.0

	2024 £m
Covenant EBIT/net interest payable ratio	1.55

Covenant test results as at 30 March 2024:

Test	Requirement	Actual at 30 March 2024
EBIT to net interest payable	More than or equal to 1.0 times	1.55
Net debt to EBITDA	Less than or equal to 4.0 times	2.78
Minimum liquidity testing	Testing at each weekend point on a 4-week historical basis and 13-week forward looking basis. The minimum liquidity is defined as "available cash and undrawn RCF greater than or equal to £10m".	No breaches

G Free cash flow

Free cash flow is a Key Performance Indicator for the Group and shows how much cash is being generated for shareholders and is a metric used in assessment of the Group's Performance Share Plan. Free cash flow is defined below:

	2024 £m	2023 £m
Cash generated from operating activities	28.5	24.8
Add back: Pension recovery plan payments	–	16.5
Deduct: Purchases of property, plant and equipment (net of grants received)	(4.1)	(11.0)
Deduct: Purchases of software intangibles and development assets capitalised	(4.6)	(10.4)
Add back: Receipt from repayment of other financial assets	0.3	–
Deduct: Lease liability payments	(2.5)	(2.4)
Deduct: Interest paid	(14.1)	(10.3)
Deduct: Dividends paid to non-controlling interests	(3.2)	(0.8)
Free cash flow	0.3	6.4

Five-year record

Income Statement

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Revenue	472.1	397.4	375.1	349.7	310.3
Other operating income	–	–	–	–	0.7
Adjusted operating profit	23.7	38.1	36.4	27.8	21.0
– Amortisation of acquired intangible assets	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)
– Net exceptional items	20.0	(22.6)	(5.7)	(47.1)	(14.2)
Operating profit/(loss)	42.8	14.5	29.7	(20.3)	5.8
Interest income	1.0	0.8	0.9	1.2	0.5
Interest expense	(6.1)	(7.1)	(6.2)	(11.6)	(19.2)
Retirement benefit obligation net finance expense/income	(1.6)	1.7	(0.2)	1.1	(2.5)
Profit/(loss) before taxation from continuing operations	36.1	9.9	24.2	(29.6)	(15.4)
Taxation	–	(1.4)	(1.3)	(27.6)	(3.7)
Profit/(loss) after taxation from continuing operations	36.1	8.5	22.9	(57.2)	(19.1)
(Loss)/profit from discontinued operations	(0.3)	(0.4)	0.8	–	–
Profit/(loss) for the year	35.8	8.1	23.7	(57.2)	(19.1)
Equity non-controlling interests	(1.7)	(2.2)	(2.2)	1.3	(0.9)
Profit/(loss) for the year attributable to equity shareholders	34.1	5.9	21.5	(55.9)	(20.0)
Dividends	–	–	–	–	–
Dividends per ordinary share	n/a	n/a	n/a	n/a	n/a
Earnings per share ('EPS')					
Basic EPS – continuing operations	30.3	3.7	10.6	(28.6)	(10.2)
Basic EPS – discontinued operations	(0.3)	(0.3)	0.4	–	–
Diluted EPS – continuing operations	30.2	3.7	10.5	(28.6)	(10.2)
Diluted EPS – discontinued operations	(0.3)	(0.3)	0.4	–	–
Adjusted basic EPS – continuing operations	11.1	14.7	13.0	(1.5)	(5.3)

Balance sheet

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Non-current assets	233.2	175.5	203.4	154.4	132.9
Net current (liabilities)/assets [1]	(19.2)	21.3	43.5	15.3	21.3
Net debt	(102.8)	(52.3)	(71.4)	(82.4)	(89.4)
Non-current liabilities[1]	(22.8)	(33.1)	(13.7)	(64.7)	(62.2)
Equity non-controlling interests	(15.5)	(16.4)	(18.0)	(15.9)	(13.3)
Total equity attributable to shareholders of the Company	72.9	95.0	143.8	6.7	(10.7)

Note:
1 Excludes amounts included in net debt (note 21).

Shareholder information

Warning to shareholders – investment fraud

We are aware that some of our shareholders have received unsolicited telephone calls or correspondence offering to buy or sell their shares on very favourable terms. The callers can be very persuasive and extremely persistent and often have professional-looking websites and telephone numbers to support their activities. These callers will sometimes imply a connection to De La Rue and provide incorrect or misleading information. This type of call should be treated as an investment scam – the safest thing to do is hang up and ignore any written communications.

You should always check that any firm calling you about potential investment opportunities is properly authorised and regulated by the FCA. If you deal with an unauthorised firm you will not be eligible for compensation under the Financial Services Compensation Scheme. You can find out more about protecting yourself from investment scams by visiting the FCA's website www.fca.org.uk/consumers, or by calling the FCA's helpline on 0800 111 6768.

If you have already paid money to share fraudsters contact Action Fraud immediately on 0300 123 2040 or through their website, www.actionfraud.police.uk.

Registered Office and Company Secretary

De La Rue House,
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Basingstoke,
Hampshire RG22 4BS

Telephone: +44 (0)1256 605000

De La Rue plc is registered in England & Wales with company number: 3834125

Company Secretary: Jon Messent

E-mail: companysecretarial@delarue.com

Annual General Meeting

The AGM will be held at 12:00pm on 25 September 2024 at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire RG22 4BS.

Further information is also available on the Group's website, www.delarue.com, where there is a page containing a range of materials relating to the 2024 AGM.

Website

There is a wide range of information on the Group and its business available on the Company's website www.delarue.com, including:

- Information on our business – Currency and Authentication
- Our priorities and activities in the areas of Responsible Business, including Environmental, Social and Governance (ESG) matters
- Share price information
- Shareholder services information
- Financial information – annual and interim reports, financial news and presentations
- Regulatory news and press releases, including an archive
- A Q&A facility for the 2024 AGM

Registrar

Computershare Investor Services PLC,
The Pavilions,
Bridgwater Road,
Bristol BS99 6ZZ

Telephone: +44 (0)370 703 6375

Shareholder enquiries

Enquiries regarding shareholdings or dividends should, in the first instance, be addressed to Computershare. Details of your shareholding(s) and how to make amendments to personal details can be viewed online at www.investorcentre.com.uk

Shareholder helpline telephone: +44 (0)370 703 6375

Electronic voting

All shareholders can submit proxies for the AGM electronically by logging on to Computershare's website at www.investorcentre.co.uk/eproxy

Electronic shareholder communications

Shareholders can register online at www.investorcentre.co.uk to receive statutory communications electronically rather than through the post. Shareholders who choose this option will receive an email notification each time the Group publishes new shareholder documents on its website.

Shareholders will need to have their shareholder reference number (SRN) available when they first log in. This 11 character number (which starts with the letter C or G) can be found on share certificates and dividend tax confirmations. Shareholders who subscribe for electronic communications can revert to postal communications or request a paper copy of any shareholder document at any time in the future.

Consolidation of shares

Where registered shareholdings are represented by several individual share certificates, shareholders may wish to have these replaced by one consolidated certificate.

The Company will meet the cost for this service. Share certificates should be sent to the Company's registrar together with a letter of instruction.

Capital gains tax

March 1982 valuation

The price per share on 31 March 1982 was 617.5p.

Shareholders are advised to refer to their brokers/financial advisers for detailed advice on individual capital gains tax calculations.

Share dealing facilities

Computershare, the Company's registrar, provides a simple way to sell or purchase De La Rue plc shares. For further information please visit their website, www-uk.computershare.com/Investor/#ShareDealingInfo or telephone +44 (0)370 703 0084 between 08:00 and 16:30 (UK time) on Monday to Friday, excluding UK bank holidays.

Cautionary note regarding forward-looking statements

Certain statements contained in this document relate to the future and constitute 'forward-looking statements'. These forward-looking statements include all matters that are not historical facts. In some case, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will", "could", "shall", "risk", "aims", "predicts", "continues", "assumes", "positioned" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors, De La Rue or the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of De La Rue and the industry in which it operates.

By their nature, forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the Group's control, and which may cause the Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industry and business sectors in which the Group operates to differ materially from those suggested by the forward-looking statements contained in this document. In addition, even if the Group's actual results of operations, financial condition and the development of the business sectors in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation or assurance that trends or activities underlying past performance will continue in the future. Accordingly, readers of this documents are cautioned not to place undue reliance on these forward-looking statements.

Other than as required by English law, none of the Company, its Directors, officers, advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur, in part or in whole. Additionally, statements of the intentions of the Board and/or Directors reflect the present intentions of the Board and/or Directors, respectively, as at the date of this document, and may be subject to change as the composition of the Company's Board of Directors alters, or as circumstances require.

The forward-looking statements contained in this document speak only as at the date of this document. Except as required by the UK's Financial Conduct Authority, the London Stock Exchange or applicable law (including as may be required by the UK Listing Rules and/or the Disclosure Guidance and Transparency Rules), De La Rue expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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